

UPP Group Limited
Report and financial statements
For the year ended 31 August 2013

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UPP Group Limited

Report and financial statements

for the year ended 31 August 2013

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Directors and advisors

Directors

S O'Shea
M Allen
G Behr
J Benkel
D Palmer
J Wakeford
E Lydon
S Bailey Watts
B Hammond

Secretary

J Benkel

Auditor

Grant Thornton UK LLP
Grant Thornton House
202 Silbury Boulevard
Central Milton Keynes
Buckinghamshire
MK9 1LW

Registered office

40 Gracechurch Street
London
EC3V 0BT

UPP Group Limited

Directors' report (continued)

for the year ended 31 August 2013



The directors present their report and financial statements for the year ended 31 August 2013.

Results, principal activities and review of the business

The company's principal activities are that of an investment holding company and the provision of treasury management facilities. The principal activity of its subsidiary undertakings is the development, funding, construction and operation (including facilities management) of student accommodation under the University Partnerships Programme ('UPP').

On 12 September 2012, UPP Group Holdings Limited, the largest group of which the company is a member, had a 60% stake acquired by PGGM Vermogensbeheer BV ("PGGM"), on behalf of its pension fund clients. PGGM is incorporated in the Netherlands. The largest group of which the company is a member will remain UPP Group Holdings Limited.

On 2 October 2012 the company acquired 93,867 shares in subsidiary company UPP (Reading I) Holdings Limited. This additional investment did not alter the control structure of UPP (Reading I) Limited.

In January 2013, the remaining 40% stake in UPP Group Holdings Limited was sold.

On 5 March 2013 six of the company's subsidiary undertakings, being UPP (Alcuin) Limited, UPP (Broadgate Park) Holdings Limited, UPP (Kent Student Accommodation) Limited, UPP (Nottingham) Limited, UPP (Oxford Brookes) Limited and UPP (Plymouth Three) Limited, replaced their short term bank facilities with long term funding provided through a bond issuance listed on the Irish Stock Exchange. This bond was issued through a new subsidiary company called UPP Bond 1 Issuer plc.

At the same time the company subscribed for new subordinated debt of £125,361,000 of subordinated debt and £31,100,000 of shares in these subsidiary undertakings, having received £55,232,000 of subordinated debt repayments from the companies. Additionally, the company acquired the shares and subordinated debt held in UPP (Alcuin) Limited and UPP (Nottingham) Limited by University of York and Nottingham Trent University respectively for cash consideration. Funding for these additional equity and subordinated debt injections was provided by an ultimate Parent company, Student UK AcqCo Limited on an arms length basis (see note 15 for more details).

The company will continue to progress its strategy for growth through its subsidiary companies UPP Projects Limited, UPP Asset Finance Limited and UPP Residential Services Limited.

UPP Projects Limited, supported by UPP Asset Finance Limited, will continue to generate development fee income as a result of its bidding, transaction and development activities. The company will also generate returns from subordinated debt investments in each of the Special Purpose Vehicles established through the activity of UPP Projects Limited. UPP Residential Services Limited will increase its operational returns and generate fees from developing its Asset Management business.

Consolidated financial statements are not produced as the results of all of its subsidiary undertakings are included within the consolidated financial statements of the parent company, UPP Group Holdings Limited.

The loss for the year attributable to shareholders and reported in the financial statements is £5,884,000 (2012: £10,173,000 profit).

Going concern

The directors have reviewed the company's projected profits and cash flows which they have prepared on the basis of a detailed analysis of the company's finances, contracts and likely future demand trends. After consideration of these projections the directors consider that the company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

UPP Group Limited

Directors' report (continued)

for the year ended 31 August 2013

Financial risk management objectives and policies

The company uses various financial instruments including loans, cash, equity investments and various items, such as trade and sundry debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. All of the company's financial instruments are of sterling denomination and the company does not trade in financial instruments or derivatives.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from the previous year.

Interest rate risk

The company finances its operations through a mixture of retained profits, intra group borrowings and parent company loans. Interest on the intra group borrowings and parent company loans is at fixed commercial rates.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and debt servicing and to invest cash assets safely and profitably.

Dividend

The directors did not pay a dividend during the year (2012: £16,278,000).

Directors and their interests

The directors holding office during the year ended 31 August 2013:

M Allen	
G Behr	
J Benkel	
A Clapp	(resigned 13 September 2012)
P Goddard	(resigned 27 March 2013)
D Palmer	
S O'Shea	
J Wakeford	
E Lydon	
S Bailey Watts	
B Hammond	(appointed 1 May 2013)

With effect from 12 September 2012 seven of the company's directors held a beneficial interest in the 'B' ordinary shares of the company. At 31 August 2013, other than the interest noted above, none of the directors had any beneficial interests in the shares of the company or in any of the group companies.

Creditor payment terms

When entering into commitments for the purchase of services and goods, the company gives due consideration to quality, price and the terms of payment. Suppliers are made aware of these terms. The company abides by these terms whenever it is satisfied that suppliers have provided the services or goods in accordance with such agreed terms and conditions. In the event of disputes, efforts are made to resolve these quickly. The average creditor days in the year were 40 days (2012: 26 days).

UPP Group Limited

Directors' report (continued)

for the year ended 31 August 2013

Statement of directors' responsibilities

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 laws).

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 and 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 judgments 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.

In so far as each of the directors is aware:

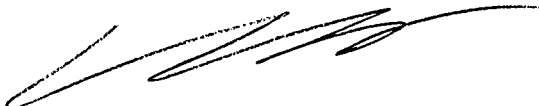
- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are protected by Directors and Officers Liability Insurance provided by the Company.

Auditor

Having passed elective resolutions of the shareholders the company is exempt from the obligation to annually re-appoint auditors and to hold annual general meetings. Accordingly the board recommend that Grant Thornton UK LLP continue in office as auditor to the company.

On behalf of the Board



G Behr
Director

20 December 2013

Report of the independent auditor to the members of UPP Group Limited

We have audited the financial statements of UPP Group Limited for the year ended 31 August 2013 which comprise the profit and loss account, the balance sheet 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 and express an opinion on 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

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 August 2013 and of its loss 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.

Report of the independent auditor to the members of UPP Group Limited (continued)

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.

Grant Thornton UK LLP

**Giles Mullins
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditors, Chartered Accountants
Central Milton Keynes**

20 DECEMBER 2013

UPP Group Limited

Profit and loss account

for year ended 31 August 2013

		Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
	Notes		
Other operating income	2	4,758	256
Income from shares in subsidiary undertakings		1,000	6,000
Operating expenses		(12,451)	(5,219)
Operating (loss) / profit	3	(6,693)	1,037
Interest receivable & similar income	7	11,760	9,133
Interest payable & similar charges	8	(11,003)	-
(Loss) / profit on ordinary activities before taxation		(5,936)	10,170
Tax credit on (loss) /profit on ordinary activities	9	52	3
(Loss) / profit for the financial year	18	(5,884)	10,173

The above results all relate to continuing operations.

The company has no recognised gains and losses other than the loss for the year ended 31 August 2013 and the profit for the year ended 31 August 2012 and therefore no separate statement of total recognised gains and losses has been presented.

UPP Group Limited

Balance sheet

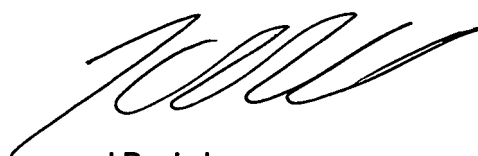
as at 31 August 2013

		31 August 2013 £'000	31 August 2012 £'000
	Notes		
Fixed assets			
Tangible assets	10	500	569
Investments	11	64,350	25,317
Current assets			
Debtors: amounts falling due within one year	12	16,469	9,801
Debtors: amounts falling due after more than one year	13	221,744	140,173
Cash at bank and in hand		4,260	3,739
		242,473	153,713
Creditors: amounts falling due within one year	14	(38,109)	(54,552)
Net current assets		204,364	99,161
Total assets less current liabilities		269,214	125,047
Creditors: amounts falling due after more than one year	15	(143,586)	-
Provisions for liabilities	16	(19)	(54)
		125,609	124,993
Share capital and reserves			
Called up share capital	17	1	1
Share premium account	18	104,688	104,688
Capital reserve	18	7,399	899
Profit and loss account	18	13,521	19,405
		125,609	124,993

The financial statements were approved by the board on 20 December 2013
and were signed on its behalf by:



G Behr
Director



J Benkel
Director

Registered number: 06218832

UPP Group Limited

Notes to the financial statements

for the year ended 31 August 2013

1. Principal accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006. The accounting policies remain unchanged from the previous year.

(b) Consolidation

The company is exempt from preparing consolidated financial statements under section 400 of the Companies Act 2006, as the company forms part of a larger group headed up by UPP Group Holdings Limited which produces consolidated financial statements. These accounts present information about the company as an individual undertaking and not about its group.

(c) Going concern

The directors have reviewed the company's projected profits and cash flows which they have prepared on the basis of a detailed analysis of the company's finances, contracts and likely future demand trends. After consideration of these projections and the receipt of a support letter from the parent company, the directors consider that the company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

(d) Cash flow statement

The company has taken advantage of the exemption available under FRS 1 (revised) and has not prepared a cash flow statement by virtue of being a small company.

(e) Investments

Investments are held at historic cost.

For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

For investments in subsidiaries acquired for consideration including the issue of shares qualifying for group reconstruction relief, cost is measured by reference to the net asset value of the shares issued, and the premium is accounted for accordingly. Where the subsidiary acquired was in a net liability position at acquisition the investment is shown at the nominal value of the shares issued.

(f) Tangible fixed assets

Tangible fixed assets are stated at historic cost, less accumulated depreciation. Depreciation is calculated so as to write off the cost of the assets to their estimated residual values by equal annual instalments over their expected useful economic life as follows:

Office equipment	10 years
Leasehold Improvements	10 years

Capitalised art work is included within the leasehold improvements but is not depreciated.

(g) Impairment reviews

The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

UPP Group Limited

Notes to the financial statements

for the year ended 31 August 2013

1. Principal accounting policies (continued)

(h) Taxation

(i) Current tax

The charge for current taxation for the year is based on the result for the year, adjusted for disallowable items.

(ii) Deferred tax

Full provision has been made for deferred taxation in respect of timing differences that have originated, but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future by the balance sheet date except that:

- Provision is made for gains on disposal of assets that have been rolled over into replacement assets only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned.
- Provision is not made for the remittance of a subsidiary, associate or joint venture's earnings that would cause tax to be payable where no commitment has been made to the remittance of the earnings.
- Deferred tax assets are recognised to the extent that it is 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 on a non-discounted basis at the tax rates that are expected to apply in the years in which the timing differences reverse, based on the tax rates enacted at the balance sheet date. Group relief is only accounted for to the extent that a formal policy is in place at the year / period end. Where no policy is in place, current and deferred tax is measured before benefits which may arise from a formal group relief policy.

(i) Defined contribution pension scheme

Contributions to employees' personal pension arrangements during the year are charged to the profit and loss account as incurred. For eligible employees, contributions are made to employees' personal pension schemes, based on a predetermined percentage of individuals' salaries.

(j) Long term incentive scheme

The company operates a long-term incentive scheme for certain employees. The amount of any awards receivable by the employees will depend on the results of the entity and the overall growth of the business over a period of ten years. In certain circumstances a specific event can also trigger an earlier payment. Where the contractual cash flows under the scheme are material, the obligation is included as a financial liability representing the fair value of the future contractual obligations. These contractual cash flows are reconsidered annually.

(k) Related party transactions

The company is a wholly owned subsidiary of UPP Group Holdings Limited and as such the company has taken advantage of the terms of FRS 8 not to disclose related party transactions which are eliminated on consolidation.

(l) Capital reserve

The capital contributions relate to benefits assigned by The Alma Mater Fund LP who retain the risks associated with the benefits. These have been received in cash and are non-refundable.

UPP Group Limited

Notes to the financial statements (continued)

for the year ended 31 August 2013

1. Principal accounting policies (continued)

(m) Operating leases

Leases where substantially all of the risks and rewards of ownership are not transferred to the company are treated as operating leases. Rentals under operating leases are charged on a straight line basis over the period of the lease.

2. Other operating income

Other operating income represents fees (net of VAT) charged to subsidiary undertakings for various services provided.

3. Operating loss

The operating loss is stated after charging:

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
Depreciation	<u>69</u>	<u>68</u>

4. Directors' remuneration

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
Emoluments	3,869	781
Company contributions to defined contribution schemes	<u>63</u>	<u>43</u>
	<u>3,932</u>	<u>824</u>

The amounts included above in respect of the highest paid director are as follows:

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
Emoluments	2,167	389
Company contributions to defined contribution schemes	<u>20</u>	<u>19</u>
	<u>2,187</u>	<u>408</u>

In addition a number of directors of the company were also directors of the subsidiary undertakings, UPP Projects Limited and UPP Residential Services Limited, and their remuneration is disclosed in the accounts of those companies.

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2013

5. Employee costs

	2013 Number	2012 Number
The average number of persons employed by the company during the year was as follows:		
Administration	<u>11</u>	<u>10</u>

These employees are paid through the subsidiary undertakings and the company was recharged an amount of £1,073,000 by its subsidiary, UPP Projects Limited, for services provided by these employees (2012: £807,000). Additionally amounts totaling £2,634,000 were paid by the company to a number of its employees.

6. Auditors' remuneration

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
Fees payable to the Company's auditor for the audit of the company's annual accounts	3	3
Fees payable to the Company's auditor and its associates for other services:		
Audit of other group companies	33	33
Tax services	53	7
	<u>89</u>	<u>43</u>

7. Interest receivable and similar income

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
Interest on cash balances	324	284
Interest from secured subordinated loan notes	11,436	8,849
	<u>11,760</u>	<u>9,133</u>

8. Interest payable and similar charges

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
Interest on loan from ultimate parent company (see note 15)	<u>11,003</u>	<u>-</u>

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2013

9. Tax on (loss) / profit on ordinary activities

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
a) Analysis of credit for the year		
<i>Current tax:</i>		
Current tax on income for the year (note 9b)	-	-
Adjustment to tax charge in respect of prior years	-	-
	-	-
<i>Deferred tax:</i>		
Current year	(56)	(4)
Rate difference	4	(2)
Adjustments to tax charge in respect of previous years	-	3
Total deferred tax	(52)	(3)
Tax credit on (loss) / profit on ordinary activities	(52)	(3)

b) Factors affecting current tax credit for the year

The tax assessed for the year is lower (2012: lower) than the standard rate of corporation tax in the UK 23% (2012: 25%). The differences are explained below:

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
(Loss) / profit on ordinary activities before tax	(5,936)	10,170
(Loss) / profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2012: 25%)	(1,365)	2,543
<i>Effects of:</i>		
Expenses disallowable for tax purposes	2,494	533
Capital allowances in excess of depreciation	1	-
Other timing differences	4	4
Tax losses	52	-
Non taxable income	(1,186)	(1,500)
Group relief claimed not paid for	-	(1,580)
Current tax charge / (credit) for the year (note 9a)	-	-

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2013

10. Tangible fixed assets

	Leasehold Improvements £'000	Office Equipment £'000	Total £'000
Cost			
At 1 September 2012 and 31 August 2013	<u>496</u>	<u>193</u>	<u>689</u>
Depreciation			
At 1 September 2012	(86)	(34)	(120)
Charge during the year	<u>(50)</u>	<u>(19)</u>	<u>(69)</u>
At 31 August 2013	<u>(136)</u>	<u>(53)</u>	<u>(189)</u>
Net book value			
At 31 August 2013	<u>360</u>	<u>140</u>	<u>500</u>
At 31 August 2012	<u>410</u>	<u>159</u>	<u>569</u>

11. Fixed asset investments

Company	Interest in subsidiary undertakings £'000
At 1 September 2012	25,317
Additions	<u>39,033</u>
At 31 August 2013	<u>64,350</u>

On 16 October 2012 the company incorporated a new subsidiary, UPP Bond 1 Holdings Limited, along with its subsidiary undertakings UPP Bond 1 Limited and UPP Bond 1 Issuer plc. On 5 March 2013 the company transferred by way of a share for share exchange its direct shareholdings in UPP (Alcuin) Limited, UPP (Nottingham) Limited, UPP (Broadgate Park) Holdings Limited, UPP (Plymouth Three) Limited, UPP (Kent Student Accommodation) Limited and UPP (Oxford Brookes) Limited ultimately to UPP Bond 1 Limited. As part of this transaction these companies issued a further £31,100,000 of share capital to the company.

On 5 March 2013 the company acquired the remaining 22% of the issued share capital in UPP (Alcuin) Limited and the remaining 20% of the issued share capital of UPP (Nottingham) Limited from University of York and Nottingham Trent University respectively. These transactions represent the addition in investments above.

UPP Group Limited

Notes to the financial statements (continued)

for the year ended 31 August 2013

11. Fixed asset investments (continued)

A list of the subsidiary undertakings, owned either directly or indirectly, that were trading at the balance sheet date is as below:

	Proportion of shares held	Nature of Business
UPP (Alcuin) Limited	100%	Student Accommodation
UPP (Lancaster) Holdings Limited	100%	Student Accommodation
UPP (Nottingham) Limited	100%	Student Accommodation
UPP (Broadgate Park) Holdings Limited	100%	Student Accommodation
UPP (Plymouth Three) Limited	100%	Student Accommodation
UPP (Kent Student Accommodation) Limited	100%	Student Accommodation
UPP (Loughborough Student Accommodation) Holdings Limited	100%	Student Accommodation
UPP (Oxford Brookes) Limited	100%	Student Accommodation
UPP Leeds Metropolitan II Limited	100%	Student Accommodation
UPP Loring Hall Limited	100%	Student Accommodation
UPP (Kent Student Accommodation II) Holdings Limited	100%	Student Accommodation
UPP (Exeter) Holdings Limited	100%	Student Accommodation
UPP (Clifton) Holdings Limited	80%	Student Accommodation
UPP (Byron House) Holdings Limited	80%	Student Accommodation
UPP (Reading I) Holdings Limited	24%	Student Accommodation
UPP (MidCo) Limited	100%	Investment company, holding 56% of shares in UPP (Reading 1) Holdings Limited
UPP Bond 1 Issuer plc	100%	Provision of long term funding to six subsidiary undertakings
UPP Projects Limited	100%	Develop partnerships for the provision of student accommodation
UPP Residential Services Limited	100%	Provision of facility management services
UPP Asset Finance Limited	100%	Provision of financial advisory & modelling services

The proportion of voting rights held is in line with the proportion of shares held.

UPP Group Limited

Notes to the financial statements (continued)

for the year ended 31 August 2013

11. Fixed asset investments (continued)

The results for the year ended 31 August 2013, and the capital & reserves as at 31 August 2013 for each of these subsidiary undertakings is:-

	Profit & Loss for the year £'000	Capital & Reserves £'000
UPP (Alcuin) Limited	(15,928)	1,567
UPP (Lancaster) Holdings Limited	(1,117)	24,381
UPP (Nottingham) Limited	(31,044)	(26,495)
UPP (Broadgate Park) Holdings Limited	(35,790)	(18,751)
UPP (Plymouth Three) Limited	(24,971)	(8,519)
UPP (Kent Student Accommodation) Limited	(8,826)	(4,363)
UPP (Loughborough Student Accommodation) Holdings Limited	(6)	1,955
UPP (Oxford Brookes) Limited	(14,437)	(10,703)
UPP Leeds Metropolitan II Limited	(492)	(1,956)
UPP Loring Hall Limited	22	396
UPP (Kent Student Accommodation II) Holdings Limited	(7)	6,663
UPP (Exeter) Holdings Limited	(3,007)	18,749
UPP (Clifton) Holdings Limited	(478)	1,061
UPP (Byron House) Holdings Limited	-	564
UPP (Reading I) Holdings Limited	(4,249)	7,863
UPP (MidCo) Limited	(1,392)	(779)
UPP Bond 1 Issuer plc	(102)	5,278
UPP Projects Limited	(1,127)	2,775
UPP Residential Services Limited	855	4,527
UPP Asset Finance Limited	43	203

12. Debtors: amounts falling due within one year

	31 August 2013 £'000	31 August 2012 £'000
Sundry debtors and accrued income	177	271
VAT recoverable	39	63
Amounts due from ultimate parent company	45	-
Amounts due from group undertakings	16,208	9,467
	16,469	9,801

13. Debtors: amounts falling due after more than one year

	31 August 2013 £'000	31 August 2012 £'000
Secured subordinated loan notes	96,383	140,173
Unsecured loan notes	125,361	-
	221,744	140,173

UPP Group Limited

Notes to the financial statements (continued)

for the year ended 31 August 2013

13. Debtors: amounts falling due after more than one year (continued)

The loan note funding is provided to a number of the subsidiary undertakings.

Secured subordinated loan notes

On 7 September 2012 the company subscribed for an additional £4,600,000 of loan notes in UPP (Alcuin) Limited to enable that company to repay the same amount of short term bank funding. Also in September 2012 the company subscribed for a further £6,348,000 of loan notes in UPP (Exeter) Holdings Limited. During the year the company capitalised interest of £532,000 due in respect of loan notes issued to UPP (Reading 1) Holdings Limited and UPP (MidCo) Limited.

On 5 March 2013 as part of the process of being refinanced by long term bond issuance, six of the subsidiary undertakings repaid their subordinated loan note funding, totaling £55,232,000, and the company waived all outstanding interest due on these notes.

Unsecured loan notes

On 5 March 2013 the company subscribed for unsecured loan notes, totaling £125,361,000, in UPP Bond 1 Holdings Limited. This amount was ultimately lent to six of the company's subsidiary undertakings to enable those companies to fund the cost of repaying their short term banking facilities and associated costs.

The weighted average interest rate and average period and final repayment dates on the loan notes are as below:

	Average interest rates	Average period	Repayment dates
Secured subordinated loan notes	12.97%	42 years	August 44 – August 65
Unsecured loan notes	13.50%	43 years	August 56

14. Creditors: amounts falling due within one year

	31 August 2013 £'000	31 August 2012 £'000
Trade creditors	191	381
Other loans	-	30,771
Loans from group undertakings	2,429	2,431
Loans from immediate parent company	20,587	17,493
Amounts owed to ultimate parent company	11,003	-
Loan from ultimate parent company	1,808	-
Amounts owed to group undertakings	725	2,120
Accruals and deferred income	1,366	1,356
	38,109	54,552

The other loan was provided by PGGM Vermogensbeheer BV ("PGGM"), was interest free and was fully repaid on 12 September 2012.

The loan from ultimate parent company was provided by Student UK TopCo Limited in January 2013, is interest free and is repayable on demand.

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2013

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

	31 August 2013 £'000	31 August 2012 £'000
Loans from an ultimate parent company	<u>143,586</u>	<u>-</u>

The loan from an ultimate parent company was provided by Student UK Acqco Limited on 12 September 2012 and the proceeds were used to repay the loan provided by PGM Vermogensbeheer BV ('PGM') during the prior year. This loan bears interest at 12.5% and is repayable in December 2022.

On 5 March 2013 the company entered into another loan with Student UK Acqco Limited to partly fund the subscription of the unsecured loan notes issued by UPP Bond 1 Holdings Limited. This new loan bears interest at 12.75% and is also repayable in March 2023.

16. Provisions for liabilities

	Deferred tax £'000	Dilapidations £'000	Total £'000
At 1 September 2012	26	28	54
(Credited) / charged to profit & loss account	(52)	17	(35)
At 31 August 2013	<u>(26)</u>	<u>45</u>	<u>19</u>

	31 August 2013 £'000	31 August 2012 £'000
Deferred Tax		
The deferred tax (asset) / liability consists of:		
Accelerated capital allowances	27	33
Other timing differences	(53)	(7)
Total deferred tax liability	<u>(26)</u>	<u>26</u>

The dilapidations provision relates to the estimated expenditure in relation to the period that will be required to be incurred to return the leased premises to its original condition on expiry of the lease term.

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2013

17. Called up share capital

	31 August 2013	31 August 2012
	£	£
Authorised		
21,100,000 Ordinary shares of 0.01p each	-	2,110
21,100,000 'A' Ordinary shares of 0.01p each	2,110	-
25,000 'B' Ordinary shares of 1p each	250	-
	<u>2,360</u>	<u>2,110</u>
Allotted, called up and fully paid		
11,040,158 Ordinary shares of 0.01p each	-	1,104
11,040,158 'A' Ordinary shares of 0.01p each	1,104	-
25,000 'B' Ordinary shares of 1p each	250	-
	<u>1,254</u>	<u>1,104</u>

On 12 September 2012 the existing issued 11,040,158 Ordinary shares of 0.01p each were redesignated as 'A' Ordinary shares of 0.01p each, and 25,000 'B' Ordinary shares of 1p each were created and issued at par. The 'B' Ordinary shares carry no voting or dividend rights.

18. Reconciliation of shareholders' funds and movement on reserves

	Share capital £'000	Share premium account £'000	Profit & loss account £'000	Capital reserve £'000	Total shareholders' funds £'000
At 1 September 2012	1	104,688	19,405	899	124,993
Capital contribution	-	-	-	152	152
Capital contribution of subordinated debt	-	-	-	6,348	6,348
Loss for the year	-	-	(5,884)	-	(5,884)
At 31 August 2013	<u>1</u>	<u>104,688</u>	<u>13,521</u>	<u>7,399</u>	<u>125,609</u>

£152,000 of the capital contributions relate to benefits assigned by The Alma Mater Fund LP who retain the risks associated with the benefits. £6,348,000 of the capital contributions relate to subordinated debt acquired by the company in September 2012 from Barclays European Infrastructure Fund II LP.

19. Parent undertaking and controlling party

The company's immediate parent undertaking is UPP Group Holdings Limited.

UPP Group Holdings Limited is ultimately controlled by a 60% stake held by PGGM Vermogensbeheer BV ("PGGM") on behalf of its pension fund clients. PGGM is incorporated in The Netherlands.

UPP Group Limited

Notes to the financial statements (continued)

for the year ended 31 August 2013

19. Parent undertaking and controlling party (continued)

Previous to this UPP Group Holdings Limited was 100% owned by The Alma Mater Fund LP (acting through its general partner Barclays Alma Mater General Partner Limited), Barclays European Infrastructure Fund (UPP) LP (acting through its general partner Barclays European Infrastructure Limited) and Barclays European Infrastructure Fund II LP (acting through its Barclays European Infrastructure II Limited). The Alma Mater Fund LP and Barclays Alma Mater General Partner Limited are collectively referred to as 'Alma Mater'. In January 2013 the remaining 40% stake in the group was also sold.

It is the directors' opinion that the ultimate controlling party changed from Alma Mater to PGGM on 12 September 2012.

The parent undertaking of the smallest and largest group of which the company is a member and for which group accounts are prepared is UPP Group Holdings Limited.

Copies of the accounts can be obtained from Companies House, Cardiff CF4 3UZ, once they have been filed.

20. Related party transactions

The company is a wholly owned subsidiary of UPP Group Holdings Limited and as such the company has taken advantage of the terms of FRS 8 not to disclose related party transactions which are eliminated on consolidation.

During the year five of the company's subsidiary undertakings, UPP (Alcuin) Limited, UPP (Nottingham) Limited, UPP (Clifton) Holdings Limited, UPP (Byron House) Holdings Limited and UPP (Reading 1) Holdings Limited were not 100% owned by the company and therefore this exemption does not apply. On 5 March 2013 the company acquired the minority shareholding in UPP (Alcuin) Limited and UPP (Nottingham) Limited and therefore took advantage of the exemption in relation to these companies from that date. The transactions with these companies for the period that they were not 100% owned by the company are detailed below.

	Sub debt interest receivable and directors fees	
	2013 £'000	2012 £'000
Profit and Loss Account		
UPP (Alcuin) Limited	192	277
UPP (Nottingham) Limited	545	1,070
UPP (Clifton) Holdings Limited	375	305
UPP (Byron House) Holdings Limited	-	-
UPP (Reading 1) Holdings Limited	969	449
	Amounts due from group undertakings within one year	
	2013 £'000	2012 £'000
Balance sheet		
UPP (Alcuin) Limited	-	257
UPP (Nottingham) Limited	-	1,026
UPP (Clifton) Holdings Limited	375	375
UPP (Byron House) Holdings Limited	-	-
UPP (Reading 1) Holdings Limited	701	449
	Amounts due from group undertakings in more than one year	
	2013 £'000	2012 £'000
UPP (Alcuin) Limited	-	3,112
UPP (Nottingham) Limited	-	12,210
UPP (Clifton) Holdings Limited	4,118	4,118
UPP (Byron House) Holdings Limited	8,577	8,577
UPP (Reading 1) Holdings Limited	11,978	11,819

UPP Group Limited

Notes to the financial statements (continued)

for the year ended 31 August 2013

20. Related party transactions

UPP Group Holdings Limited is a wholly owned subsidiary of Student UK AcqCo Limited, which itself is a wholly owned subsidiary of Student UK TopCo Limited. Both of these entities are registered in the Channel Islands and consolidated accounts are not required to be filed for these entities. The directors consider these companies to be related parties and are required to disclose related party transactions accordingly.

During the year the company entered into loans totaling £143,586,000 with Student UK AcqCo Limited, the terms and conditions of which are detailed in note 15. At the balance sheet date this amount is included within creditors due after more than one year. Interest of £11,003,000 has accrued on this loan over the year ended 31 August 2013. This amount remained unpaid at the balance sheet date and is included with creditors due within one year.

In January 2013 the company entered into an interest free loan with Student UK TopCo Limited totaling £1,808,000. This loan is repayable on demand and at the balance sheet date is included within creditors due within one year.

21. Financial commitments

At 31 August 2013, the company has annual commitments under non-cancellable operating leases that expire as set out below:

	Year ended 31 August 2013 Land & buildings £'000	Year ended 31 August 2012 Land & buildings £'000
Operating leases which expire:		
Within 12 months	-	-
Between two and five years	419	419