

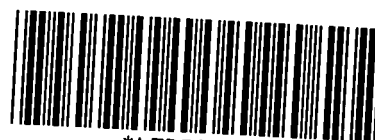
Registered number: 08037507

**ULIVING@ESSEX HOLDCO LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**ULIVING@ESSEX HOLDCO LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	M Fowkes D Vermeer (appointed 8 May 2018) R Gillespie (appointed 21 April 2017)
<b>Company secretary</b>	D Adams
<b>Registered number</b>	08037507
<b>Registered office</b>	Welken House 10-11 Charterhouse Square London EC1M 6EH
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

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**ULIVING@ESSEX HOLDCO LIMITED**

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## **ULIVING@ESSEX HOLDCO LIMITED**

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### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **Introduction**

The directors present their strategic report of ULiving@Essex HoldCo Limited (the "Company") for the year ended 31 December 2017.

#### **Business review**

The Group loss for the year before taxation was £13,875k (2016: 55k loss as restated).

Having completed the construction phase of the Meadows building in 2013, the directors consider that the operating phase of the project is performing satisfactorily.

During the year the Group reached financial close on a refinancing exercise. On 24 February 2017 the existing senior debt was repaid in full and replaced with £98,200k of indexed linked bonds. Repayments on the new debt are due in semi-annual installments ending August 2058. A gain on refinancing was shared between the University of Essex via a lump sum payment of £14m and the shareholders through an intercompany loan of £17m.

#### **Principal activities**

The principal activity of the Company is that of a holding company. It holds 100% of the share capital of ULiving@Essex Limited, whose principal activity is to design, build, finance and manage student accommodation for the period of 51 years from August 2012 to August 2063 pursuant to a project agreement dated 7 August 2012. The construction of the new accommodation achieved practical completion on 18 September 2013.

The Company also holds 100% of the share capital of a new subsidiary, ULiving@Essex Issuerco plc, whose principal activity is to raise bond financing, and loan this to ULiving@Essex Limited via an intercompany loan. The bond is repayable in semi-annual installments ending August 2058.

The directors do not recommend the payment of a dividend (2016: £nil).

#### **Financial key performance indicators**

The directors consider revenue, operating profit, profit before tax and profit after tax and achievement of milestones under the PFI/PPP concessions to be the key performance indicators of the Group. Following the refinancing the Group has posted a large loss for the year, which was due to the costs of breaking the existing debt. There was no profit forecast for the refinancing activity and therefore the Directors consider the project to be performing satisfactorily.

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Principal risks and uncertainties**

Under the terms of the PFI/PPP concession contracts, the Group is required to meet certain key performance targets. The directors review actual performance against those targets on a regular basis to mitigate risks arising from contract activities.

The Group's main commercial risks during the period are attributable to the collection of rent and payment of senior loan facility. Interest payments are indexed linked for the term of the loan.

The Group has committed term loan facilities which are secured on the assets and future revenues of the Group.

The Group's cash flow risk is managed by monitoring cash flow as part of the day-to-day control procedures. The Directors consider cash flow projections to ensure working capital is available to pay liabilities as necessary.

The Group does not have an interest rate or RPI swap in place to mitigate revenue risk.

Credit risk is mitigated via monitoring the progress of the project against milestones under the concessions agreement.

The Group manages its liquidity risk based on business needs, tax, capital or regulatory consideration, if applicable, through numerous sources of finance in order to maintain flexibility.

This report was approved by the board and signed on its behalf.



**R Gillespie**  
Director

Date: 30 August 2018

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**ULIVING@ESSEX HOLDCO LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their report and the financial statements for the year ended 31 December 2017.

**Results and dividends**

The loss for the year, after taxation, amounted to £13,876k (2016 - loss £248k).

**Directors**

The directors who served during the year were:

M Fowkes  
M Rickards (resigned 4 April 2017)  
P Sheldrake (resigned 8 May 2018)  
S Veal (resigned 28 February 2017)  
M Davies (re-appointed 28 February 2017, resigned 4 April 2017)  
R Gillespie (appointed 21 April 2017)  
D Vermeer (appointed 8 May 2018)

**Going concern**

The Group meets its day to day working capital requirements principally through a mixture of shareholder loans and listed bonds. The listed bonds are in place to 2058 and interest payments are index linked for the term of the loan.

The Group's forecasts and projections, taking into account of reasonably possible changes in trading performance show that the Group should be able to operate within the level of its current facilities.

The directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. The refinancing exercise undertaken in the year end has not materially affected the Director's view on the going concern, and accordingly the financial statements have been prepared on a going concern basis.

**Future developments**

The Directors of the Company are not aware of any circumstances by which the principal activity of the Group and Company would alter or cease.

**Qualifying third party indemnity provisions**

The directors of ULiving@Essex Holdco Limited have qualifying third party indemnity provisions put in place through other companies of which they are also directors.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

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ULIVING@ESSEX HOLDCO LIMITED

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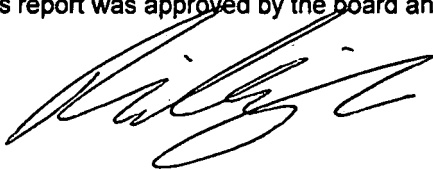
**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Auditors**

Grant Thornton UK LLP resigned as auditors in the year and BDO LLP were appointed in their place. The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**R Gillespie**  
Director

Date: 30 August 2018

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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**ULIVING@ESSEX HOLDCO LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ULIVING@ESSEX HOLDCO LIMITED**

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**Opinion**

We have audited the financial statements of ULiving@Essex Holdco Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2017 and of the Group's 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ULIVING@ESSEX HOLDCO LIMITED  
(CONTINUED)**

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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.

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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**ULIVING@ESSEX HOLDCO LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ULIVING@ESSEX HOLDCO LIMITED  
(CONTINUED)**

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**Auditors' responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

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.

BDO LLP

Alexander Tapp (Senior Statutory Auditor)

for and on behalf of  
**BDO LLP**

Chartered Accountants

55 Baker Street  
London  
W1U 7EU

Date: 30 August 2018

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**ULIVING@ESSEX HOLDCO LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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		2017	(as restated) 2016
	Note	£000	£000
Turnover		6,740	7,435
Cost of sales		(2,417)	(2,149)
<b>Gross profit</b>		<b>4,323</b>	<b>5,286</b>
Administrative expenses		(1,533)	(1,301)
<b>Operating profit</b>		<b>2,790</b>	<b>3,985</b>
Interest receivable and similar income	7	278	1
Interest payable and expenses	8	(16,943)	(4,041)
<b>Loss before tax</b>		<b>(13,875)</b>	<b>(55)</b>
Tax on loss	9	(1)	(193)
<b>Loss for the year</b>		<b>(13,876)</b>	<b>(248)</b>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b>(13,876)</b>	<b>(248)</b>
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the parent company		(13,876)	(248)
		<b>(13,876)</b>	<b>(248)</b>

The notes on pages 17 to 33 form part of these financial statements.

The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

**ULIVING@ESSEX HOLDCO LIMITED**  
**REGISTERED NUMBER: 08037507**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

			2017 £000	(as restated) 2016 £000
<b>Fixed assets</b>				
Intangible assets	10		59,043	60,326
			<u>59,043</u>	<u>60,326</u>
<b>Current assets</b>				
Debtors: amounts falling due after more than one year	12	31,265	-	
Debtors: amounts falling due within one year	12	1,054	685	
Cash at bank and in hand	13	7,806	2,910	
		<u>40,125</u>	<u>3,595</u>	
Creditors: amounts falling due within one year	14	(5,730)	(2,296)	
<b>Net current assets</b>			<u>34,395</u>	1,299
<b>Total assets less current liabilities</b>			<u>93,438</u>	<u>61,625</u>
Creditors: amounts falling due after more than one year	15		(108,047)	(62,358)
<b>Net liabilities</b>			<u>(14,609)</u>	<u>(733)</u>
<b>Capital and reserves</b>				
Called up share capital	18		15	15
Profit and loss account			(14,624)	(748)
			<u>(14,609)</u>	<u>(733)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
**R Gillespie**  
 Director

Date: 30 August 2018

The notes on pages 17 to 33 form part of these financial statements.

**ULIVING@ESSEX HOLDCO LIMITED**  
**REGISTERED NUMBER: 08037507**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Investments	11	65	15
		<u>65</u>	<u>15</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	12	16,912	-
		<u>16,912</u>	<u>-</u>
Creditors: amounts falling due within one year	14	(50)	-
		<u>(50)</u>	<u>-</u>
<b>Net current assets</b>		<u>16,862</u>	<u>-</u>
<b>Total assets less current liabilities</b>		<u>16,927</u>	<u>15</u>
Creditors: amounts falling due after more than one year	15	(16,912)	-
		<u>(16,912)</u>	<u>-</u>
<b>Net assets</b>		<u>15</u>	<u>15</u>
<b>Capital and reserves</b>			
Called up share capital	18	15	15
		<u>15</u>	<u>15</u>

The company has taken advantage of Section 408 of the Companies Act 2006 not to publish its own Statement of Comprehensive Income. The result for the year was £nil (2016: £nil).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

  
**R Gillespie**  
 Director

30 April 2018

The notes on pages 17 to 33 form part of these financial statements.

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**ULIVING@ESSEX HOLDCO LIMITED**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2017 (as previously stated)	15	(465)	(450)
Prior year adjustment (see note 19)	-	(283)	(283)
At 1 January 2017 (as restated)	15	(748)	(733)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(13,876)	(13,876)
At 31 December 2017	15	(14,624)	(14,609)

The notes on pages 17 to 33 form part of these financial statements.

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ULIVING@ESSEX HOLDCO LIMITED

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016

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	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2016 (as previously stated)	15	(780)	(765)
Prior year adjustment (see note 19)	-	280	280
At 1 January 2016 (as restated)	15	(500)	(485)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(248)	(248)
<b>At 31 December 2016</b>	<b>15</b>	<b>(748)</b>	<b>(733)</b>

The notes on pages 17 to 33 form part of these financial statements.



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**ULIVING@ESSEX HOLDCO LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>Called up share capital £000</b>	<b>Total equity £000</b>
<b>At 1 January 2017</b>	<b>15</b>	<b>15</b>
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2017</b>	<b>15</b>	<b>15</b>

The notes on pages 17 to 33 form part of these financial statements.

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**ULIVING@ESSEX HOLDCO LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

	<b>Called up share capital £000</b>	<b>Total equity £000</b>
At 1 January 2016	<b>15</b>	<b>15</b>
<b>Other comprehensive income for the year</b>	-	-
<b>Total comprehensive income for the year</b>	-	-
<b>Total transactions with owners</b>	-	-
<b>At 31 December 2016</b>	<b>15</b>	<b>15</b>

The notes on pages 17 to 33 form part of these financial statements.

ULIVING@ESSEX HOLDCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £000	(as restated) 2016 £000
<b>Cash flows from operating activities</b>		
Loss for the financial year	(13,876)	(248)
<b>Adjustments for:</b>		
Amortisation of intangible assets	1,284	1,308
Interest paid	16,943	4,041
Interest received	(278)	(1)
Taxation charge	-	193
(Increase)/decrease in debtors	(14,722)	74
Increase in creditors	1,487	386
<b>Net cash (used)/generated from operating activities</b>	<b>(9,162)</b>	<b>5,753</b>
<b>Cash flows from investing activities</b>		
Shareholder loans	(16,912)	-
Interest received	278	1
<b>Net cash from investing activities</b>	<b>(16,634)</b>	<b>1</b>
<b>Cash flows from financing activities</b>		
New bonds issued	98,200	-
Repayment of loans	(49,419)	(801)
Cost of issuing bonds	(3,297)	-
Subordinated debt principal repaid	-	(236)
Interest paid	(14,792)	(4,073)
<b>Net cash from/(used in) financing activities</b>	<b>30,692</b>	<b>(5,110)</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,896</b>	<b>644</b>
Cash and cash equivalents at beginning of year	2,910	2,266
<b>Cash and cash equivalents at the end of year</b>	<b>7,806</b>	<b>2,910</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	7,806	2,910
	<b>7,806</b>	<b>2,910</b>

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**ULIVING@ESSEX HOLDCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1. General information**

ULiving@Essex Holdco Limited is a private company limited by shares and incorporated and domiciled in England and Wales. The registered office is as stated on the company information page.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company is registered in England and Wales under the Companies Act 2006.

The presentational currency is Sterling (£) which is the functional currency of the Group and is presented in £000's.

In preparing the financial statements, the Company has taken advantage of the following exemptions:

- from disclosing key management personal compensation, as required by paragraph 7 of Section 33 Related Party Disclosures;
- from presenting a reconciliation of the number of shares outstanding at the beginning and of the year, as required by paragraph 12 of Section 4 Statement of Financial Position.
- from presenting a company cash flow statement.

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**2.3 Going concern**

The Group meets its day to day working capital requirements principally through a mixture of shareholder loans and project related listed bonds. The RPI linked bonds are in place to 2058 and interest payments are RPI linked for the term of the loan. Exposure to RPI movements are mitigated by the RPI linked increases in rental income.

The Group's forecasts and projections, taking into account of reasonably possible changes in trading performance show that the Group should be able to operate within the level of its current facilities,

The directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. The refinancing exercise undertaken during the year end has not materially affected the Director's view on the going concern, and accordingly the financial statements have been prepared on a going concern basis.

**2.4 Revenue**

Turnover represents income received in the ordinary course of business for services provided and excludes value added tax.

Rental income - this represents income which is receivable from the University of Essex. Income is based on a guaranteed percentage of available units available for rental at a contractually agreed date. Income is received in quarterly installments and recognised in the period it relates to.

Third party revenue - this relates to income received from a rental agreement to hire and fit out a convenience shop on site.

Pass through income - this relates to money received from the University for damages caused by students within the student accommodation, and is passed on to the FM provider who carry out the repairs.

Revenue is recognised on a straight-line basis over the term of the relevant lease.

**2.5 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. The Company and Group believes that this is an infrastructure asset with the right to charge for use of the infrastructure assets to the University, either directly or via a 3rd party who would then take letting risk on a similar arrangement to the existing one with the University.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The intangible asset will be amortised over the length of the concession through to August 2063, at which point ownership passes to the University.

**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.6 Finance costs**

Upfront finance costs of procuring senior debt facilities are capitalised during construction and subsequently amortized over the life of the relevant loans and charged to the profit and loss account. Arrangement fees for these facilities have been capitalised against the cost of the loan.

Finance costs that are directly attributable to the cost of construction of the fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditure for the assets are being incurred and activities that are necessary to get the assets ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the assets ready for use are complete.

**2.7 Taxation**

Current and deferred tax, including UK corporation tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are recognised in respect of all timing differences that have originated but not reversed at the reporting date except:

- Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the differences can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax assets are recovered.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same taxable company.

**2.8 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.9 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.10 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**2.11 Annual University retention**

A retention has been put in place against the current year's rental revenue to provide for the 17/18 Annual University Retention to defer income into the next academic year, which provides additional financial security to the University. This is calculated as per Schedule 15 - Sharing Mechanism of the Project Agreement. This money will be deducted from the 17/18 rental income, released in September 2018.

**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.12 Financial instruments**

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

**Financial assets**

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value.

**Loans and receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables) under PFI contracts but also incorporate other types of contractual monetary asset. They are carried at cost less any provision for impairment.

**Impairment of financial asset**

Impairment of financial assets relates to trade receivables. They are assessed for indicators of impairment at each Statement of Financial Position date. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

**Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another entity.

**Financial liabilities and equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**Equity instruments**

An Equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the proceeds received.

**Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

**2.13 Segmental reporting**

The Group has one segment so no further analysis is provided.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**2.14 Investments in subsidiaries**

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are as follows:

**Classification of asset**

The property has been reclassified as an intangible asset from a tangible asset to bring the treatment in line with FRS102. The Group believes that this is an infrastructure asset with the right to charge for the use of the infrastructure assets to the University, either directly or via a 3rd party who would then take letting risk on a similar arrangement to the existing one with the University.

**Capitalisation of costs**

During the period of construction, all costs incurred as a direct result of financing, designing and constructing the student accommodation, including finance costs, have been capitalised. The directors consider this to be appropriate since the risks and rewards of ownership rest with the Group.

**Construction margin**

Revenue on construction was recognised at cost with no margin as profitability was considered to be negligible with no interim services provided during construction and the risk was fully passed down to the building contractor.

**Intercompany agreement - Interest rate**

Shareholder loan notes carried an interest rate of 10.5% to 31st August 2013, 7.01% from 1st September 2013 to 31st August 2022, 8.5% from 1st September 2022 to 31st August 2032 and 9.5% thereafter plus a variable element of interest based on annual changes in RPI. In order to calculate an effective interest rate the Directors have made a judgement regarding the future RPI increases using an estimate of inflation set at 2.5% per annum going forward.

The Directors believe that the loan note value in these financial statements reflects its fair value at the reporting date.

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**ULIVING@ESSEX HOLDCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**4. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Rental income	<b>6,712</b>	<b>7,404</b>
Third party revenue	<b>24</b>	<b>24</b>
Pass through revenue	<b>4</b>	<b>7</b>
	<b>6,740</b>	<b>7,435</b>

All turnover arose within the United Kingdom.

**5. Operating profit**

The operating profit is stated after charging:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Amortisation of intangible assets, including goodwill	<b>1,283</b>	<b>1,290</b>
Fees payable to the Group's auditor and its associates for the audit of the company's annual accounts	<b>8</b>	<b>8</b>

The audit and tax fees were borne by the Group and fully paid by ULiving@Essex Limited.

**6. Directors' remuneration**

No staff or Directors were directly employed by the Group. Services provided by the contractors include the provision of staff and management to perform contractual responsibilities. Costs associated with the staff and management are included within the contractors service charge.

**7. Interest receivable**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Shareholder loan interest receivable	<b>278</b>	<b>-</b>
Bank interest receivable	<b>-</b>	<b>1</b>
	<b>278</b>	<b>1</b>

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**8. Interest payable and similar expenses**

	2017 £000	(as restated) 2016 £000
Bank interest payable	-	2,565
Other loan fees payable	-	1
Loans from group undertakings	1,509	1,475
Refinance costs	11,941	-
Bond interest	3,090	-
Amortisation of finance costs	313	-
Other interest payable	90	-
	<u>16,943</u>	<u>4,041</u>

**9. Taxation**

	2017 £000	2016 £000
<b>Corporation tax</b>		
Current tax on loss/profits for the year	1	193
	<u>1</u>	<u>193</u>
<b>Total current tax</b>	<u>1</u>	<u>193</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>1</u>	<u>193</u>

NOTES TO THE FINANCIAL STATEMENTS  
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9. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	(13,875)	(55)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(2,671)	(11)
Effects of:		
Fixed asset differences	313	314
Expenses not deductible for tax purposes at 19.25%	184	-
Adjust opening deferred tax to average rate of 20.00%	-	(17)
Adjust closing deferred tax to average rate of 19.25%	257	-
Deferred tax not recognised	1,918	(93)
<b>Total tax charge for the year</b>	<b>1</b>	<b>193</b>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

A deferred tax asset of £1,918k has not been recognised due to the uncertainty in respect of future profits.

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ULIVING@ESSEX HOLDCO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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10. Intangible assets

Group

	Intangible assets £000
<b>Cost</b>	
At 1 January 2017	64,769
At 31 December 2017	<u>64,769</u>
<b>Amortisation</b>	
At 1 January 2017	4,443
Charge for the year	1,283
At 31 December 2017	<u>5,726</u>
<b>Net book value</b>	
At 31 December 2017	<u>59,043</u>
At 31 December 2016	<u>60,326</u>

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**ULIVING@ESSEX HOLDCO LIMITED**

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**11. Fixed asset investments**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
			Design, build and management of student accommodation
ULiving@Essex Limited	Ordinary	100 %	
ULiving@Essex Issuerco plc	Ordinary	100 %	Bond financing

All companies were incorporated in England and Wales and have the same registered office as the Company.

**Company**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 January 2017	15
Additions	50
At 31 December 2017	65
<b>Net book value</b>	
At 31 December 2017	65
At 31 December 2016	15

During the year the company incorporated a new subsidiary, ULiving@Essex Issuerco plc, which represent the above additions.

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**ULIVING@ESSEX HOLDCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**12. Debtors**

	<b>Group 2017 £000</b>	<b>Group 2016 £000</b>	<b>Company 2017 £000</b>	<b>Company 2016 £000</b>
<b>Due after more than one year</b>				
Due from shareholders	<b>16,912</b>	-	<b>16,912</b>	-
Prepayments and accrued income	<b>14,353</b>	-	-	-
	<b>31,265</b>	-	<b>16,912</b>	-

The prepayments and accrued income balance relates to an element of the refinance gain of the group paid to the University. This is being amortised over the debt finance term given it arose from this transaction.

	<b>Group 2017 £000</b>	<b>Group 2016 £000</b>	<b>Company 2017 £000</b>	<b>Company 2016 £000</b>
<b>Due within one year</b>				
Trade debtors	<b>1</b>	<b>1</b>	-	-
Prepayments and accrued income	<b>1,053</b>	<b>684</b>	-	-
	<b>1,054</b>	<b>685</b>	-	-

**13. Cash and cash equivalents**

	<b>Group 2017 £000</b>	<b>Group 2016 £000</b>	<b>Company 2017 £000</b>	<b>Company 2016 £000</b>
Cash at bank and in hand	<b>7,806</b>	<b>2,910</b>	-	-
	<b>7,806</b>	<b>2,910</b>	-	-

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NOTES TO THE FINANCIAL STATEMENTS  
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14. Creditors: Amounts falling due within one year

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>2017</b>	<i>2016</i>	<b>2017</b>	<i>2016</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
Bond loan	2,231	-	-	-
Unamortised debt issue costs	(100)	-	-	-
Bank loan	-	600	-	-
Trade creditors	469	12	-	-
Amounts owed to group undertakings	-	-	50	-
Corporation tax	-	193	-	-
Other creditors	1,274	399	-	-
Accruals and deferred income	1,856	1,092	-	-
	<u>5,730</u>	<u>2,296</u>	<u>50</u>	<u>-</u>



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**ULIVING@ESSEX HOLDCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. Creditors: Amounts falling due after more than one year**

	<b>Group 2017 £000</b>	<b>Group 2016 £000</b>	<b>Company 2017 £000</b>	<b>Company 2016 £000</b>
Bank loan	-	48,818	-	-
Bond loan	97,239	-	-	-
Unamortised debt issue costs	(3,424)	(540)	-	-
Subordinated debt	14,232	14,080	-	-
Amounts owed to group undertakings	-	-	16,912	-
	<b>108,047</b>	<b>62,358</b>	<b>16,912</b>	<b>-</b>

**Secured loans**

During the year the Group refinanced its bank loan arrangements, repaying its old facility in full. Unamortised arrangement fees on the old debt and a debt breakage fee of £11,602k have been put through the profit and loss account (see note 8).

The new debt facility consists of £98,200k 0.10% index linked guaranteed secured bonds due 2058, issued by Uliving@Essex Issuerco plc, a group company, and listed on the Irish Stock Exchange, guaranteed by Assured Guaranty (Europe) Limited and Assured Guaranty Municipal Corp. As at 31 December 2017 £99,470k of the bond facility is outstanding.

As per the Bond Trust Deed, a fixed and floating charge debenture dated on or before the Issue Date has been granted by Uliving@ Essex HoldCo Limited in favour of the Security Trustee (the "HoldCo Debenture").

**Shareholder Loans**

Subordinate loans constitute unsecured debt issued under the Investment Deed. The total sum available under the Investment Deed is £14,530k which matures in 2063. The principal amounts drawn are repayable in semi annual installments commencing in February 2014. As per schedule 4 of the loan notes deed no further repayments are due in the period from August 2016 to February 2049, and therefore the loans are all classified as due in greater than 5 years.

Shareholder loan notes carried an interest rate of 10.5% to 31st August 2013, 7.01% from 1st September 2013 to 31st August 2022, 8.5% from 1st September 2022 to 31st August 2032 and 9.5% thereafter plus a variable element of interest based on annual changes in RPI.

**Amounts owed to Group undertakings**

Amounts owed to group undertaking comprises an unsecured loan received from ULiving@Essex Limited, at an interest rate of 0.1% above the above mentioned debt facility of £98,200k 0.10% index linked guaranteed secured bonds due 2058. The loan is due repayable as agreed by the parties but no later than 31 August 2063.

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**ULIVING@ESSEX HOLDCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**16. Loans**

	<b>Group 2017 £000</b>	<i>Group 2016 £000</i>
<b>Amounts falling due within one year</b>		
Bank loan	-	600
Bond loan	2,231	-
Unamortised debt issue costs	(100)	-
	<u>2,131</u>	<u>600</u>
<b>Amounts falling due 1-2 years</b>		
Bank loan	-	658
Bond loan	2,273	-
Unamortised debt issue costs	(100)	-
	<u>2,173</u>	<u>658</u>
<b>Amounts falling due 2-5 years</b>		
Bank loan	-	2,154
Bond loan	6,991	-
Unamortised debt issue costs	(301)	-
	<u>6,690</u>	<u>2,154</u>
<b>Amounts falling due after more than 5 years</b>		
Bank loan	-	46,007
Bond loan	87,974	-
Unamortised debt issue costs	(3,022)	(540)
	<u>84,952</u>	<u>45,467</u>

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**ULIVING@ESSEX HOLDCO LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2017**

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**17. Financial instruments**

	<b>Group 2017 £000</b>	<b>Group 2016 £000</b>
Financial assets measured at amortised cost	<b>25,295</b>	<b>2,911</b>
Financial liabilities measured at amortised cost	<b>(117,108)</b>	<b>(64,999)</b>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors and amounts from shareholders.

Financial liabilities measured at amortised cost comprise loans, group loans, trade creditors, accruals and other creditors.

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**ULIVING@ESSEX HOLDCO LIMITED**

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**18. Share capital**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
15,000 Ordinary shares of £1 each	<b>15</b>	<b>15</b>

**19. Prior year adjustment**

The comparatives have been restated to reflect subordinated debt interest being calculated using an effective interest rate method, as opposed to the stated interest rate per the agreement which changes over time. This has resulted in the following changes:

- Change to the brought forward profit and loss account in 2016 by an increase of £280k.
- Increase to the subordinated interest charge applied in the prior year of £283k.
- The net impact to net assets as at 31 December 2016 was a £283k decrease.

The comparative has also been restated to reflect the tangible fixed asset as an intangible asset as noted in note 3. There was no impact to the prior year result or net assets arising from this.

**20. Related party transactions**

Equitix Education 2 Limited and Centro Place Investments Limited are considered to be related parties due to their shareholding in ULiving@Essex Holdco Limited. Transactions with these related parties relate to interest expense on shareholder loans and accrued interest and outstanding loan balances held at the year end. The Directors consider the material transactions undertaken by the Group and Company during the year with related parties to be as follows:

	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>Interest</b>	<b>Creditor</b>	<b>Interest</b>	<b>Creditor</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Equitix Education 2 Limited	<b>1,451</b>	<b>14,063</b>	<b>1,013</b>	<b>12,484</b>
Centro Place Investments Limited	<b>58</b>	<b>559</b>	<b>179</b>	<b>2,203</b>
	<b>1,509</b>	<b>14,622</b>	<b>1,192</b>	<b>14,687</b>

During the year an upstream loan was made to Equitix Education 2 Limited for £16,634k (2016: £nil), which incurred an additional £278k (2016: £nil) of interest during the year and is accrued at the year end.

**21. Controlling party**

The ultimate parent and controlling party is considered to be Equitix Fund II LP, a limited partnership in England and Wales. Copies of those accounts can be obtained from Welken House, 10-11 Charterhouse Square, London, EC1M 6EH.

On 4th April 2017 Centro Place Investments sold its remaining 15% shareholding in the Company to Equitix Education 2 Limited.