

Registered number: 08038090

ULIVING@ESSEX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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ULIVING@ESSEX LIMITED

COMPANY INFORMATION

Directors	D Vermeer (appointed 8 May 2018) M Fowkes R Gillespie
Company secretary	K Shah
Registered number	08038090
Registered office	5th Floor 120 Aldersgate Street London EC1A 4JQ
Independent auditor	BDO LLP Senior Statutory Auditor & Chartered Accountants 55 Baker Street London W1U 7EU

ULIVING@ESSEX LIMITED

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ULIVING@ESSEX LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The Directors present their strategic report of ULiving@Essex Limited (the "Company") for the year ended 31 December 2018.

Business review

The loss for the year before taxation was £1,917k (2017: £13,875k).

The financial position of the Company is presented in the Statement of Financial Position. The Company had net liabilities of £16,526k (2017: 14,609k) and cash of £7,850k (2017: £7,806k) as at 31 December 2018.

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

Principal activities

The principal activity of the Company 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 Directors do not recommend the payment of a dividend (2017: £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 Company. Through the contractual agreements in place, the SPV has to achieve various milestones during the year, in regards to financial reporting to lenders and requirements such as model submissions. The Directors are satisfied these contractual milestones have been achieved.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Principal risks and uncertainties

Under the terms of the PFI/PPP concession contracts, the Company 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 Company's main commercial risks during the period are attributable to the collection of rent and repayment of senior loan facility.

The Company has committed term loan facilities which are secured on the assets and future revenues of the Company. Interest payments are indexed linked for the term of the loan.

The Company'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 appropriate facilities are available to be drawn as necessary.

Interest rate risk

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

Liquidity risk

The Company managed 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 on 28 June 2019 and signed on its behalf.



R Gillespie
Director

ULIVING@ESSEX LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors present their report and the financial statements for the year ended 31 December 2018.

Results and dividends

The loss for the year, after taxation, amounted to £1,917k (2017:£13,876).

There were no dividends declared or paid (2017:£Nil).

Directors

The Directors who served during the year were:

D Vermeer (appointed 8 May 2018)

M Fowkes

R Gillespie

P Sheldrake (resigned 8 May 2018)

Going concern

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

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

The Directors have a reasonable expectation that the Company has 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 Company would alter or cease.

Qualifying third party indemnity provisions

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

Post balance sheet events

There have been no significant events affecting the company since the year end.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

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'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's auditors are aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 June 2019 and signed on its behalf.



R Gillespie
Director

ULIVING@ESSEX LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors are responsible for preparing the Strategic Report, 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 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

ULIVING@ESSEX LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ULIVING@ESSEX LIMITED

Opinion

We have audited the financial statements of ULiving@Essex Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the 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 Company's affairs as at 31 December 2018 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.

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 Company 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 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 Auditor's 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.

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

ULIVING@ESSEX LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ULIVING@ESSEX LIMITED (CONTINUED)

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 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 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

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 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 Company or to cease operations, or have no realistic alternative but to do so.

ULIVING@ESSEX LIMITED

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

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 Auditor's 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. This description forms part of our Auditor's Report.



Alexander Tapp (Senior Statutory Auditor)

for and on behalf of
BDO LLP

55 Baker Street
London
W1U 7EU

28 June 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ULIVING@ESSEX LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover	4	7,021	6,740
Cost of sales		(2,814)	(2,417)
Gross profit		4,207	4,323
Administrative expenses		(1,579)	(1,533)
Operating profit	5	2,628	2,790
Interest receivable and similar income	7	337	278
Interest payable and expenses	8	(4,882)	(16,943)
Loss before tax		(1,917)	(13,875)
Tax on loss	9	-	(1)
Loss for the financial year		(1,917)	(13,876)

The notes on pages 13 to 27 form part of these financial statements.

There were no recognised gains and losses other than those included in the statement of comprehensive income.

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

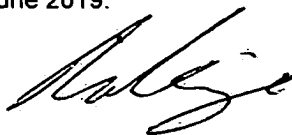
ULIVING@ESSEX LIMITED
REGISTERED NUMBER: 08038090

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	10	57,767	59,043
		<u>57,767</u>	<u>59,043</u>
Current assets			
Debtors: amounts falling due after more than one year	11	31,257	31,265
Debtors: amounts falling due within one year	11	990	1,054
Cash at bank and in hand	12	7,850	7,806
		<u>40,097</u>	<u>40,125</u>
Creditors: amounts falling due within one year	13	(5,943)	(5,730)
Net current assets		<u>34,154</u>	<u>34,395</u>
Total assets less current liabilities		<u>91,921</u>	<u>93,438</u>
Creditors: amounts falling due after more than one year	14	(108,447)	(108,047)
Net liabilities		<u>(16,526)</u>	<u>(14,609)</u>
Capital and reserves			
Called up share capital	17	15	15
Profit and loss account		(16,541)	(14,624)
		<u>(16,526)</u>	<u>(14,609)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 June 2019.



R Gillespie
Director

The notes on pages 13 to 27 form part of these financial statements.

ULIVING@ESSEX LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2018	15	(14,624)	(14,609)
Comprehensive income for the year			
Loss for the year	-	(1,917)	(1,917)
Total comprehensive income for the year	-	(1,917)	(1,917)
At 31 December 2018	15	(16,541)	(16,526)

The notes on pages 13 to 27 form part of these financial statements.

ULIVING@ESSEX LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017	15	(465)	(450)
Prior year adjustment	-	(283)	(283)
At 1 January 2017 (as restated)	15	(748)	(733)
Comprehensive income for the year			
Loss for the year	-	(13,876)	(13,876)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(13,876)	(13,876)
Total transactions with owners	-	-	-
At 31 December 2017	15	(14,624)	(14,609)

The notes on pages 13 to 27 form part of these financial statements.

ULIVING@ESSEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

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

The presentational currency is Sterling (£), which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £000.

FRS 102 allows a qualifying entity certain disclosures exemptions, subject to certain conditions, which have been complied with. The Company is included in the consolidated financial statements of its parent undertaking ULiving@Essex HoldCo Limited. The company information page provides details of where those consolidated financial statements may be obtained from, which is the registered office address.

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; and
- from presenting a statement of cash flows, as required by Section 7 Statement of Cash Flows.

On the basis that equivalent disclosures are given in the consolidated accounts of the parent company, the Company has also taken advantage of the exemption not to provide certain disclosures as required by Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument Issues.

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.2 Going concern

The Company meets its day to day working capital requirements principally through a mixture of shareholder loans and bond financing following the refinancing. 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 Company's forecasts and projections, taking into account of reasonably possible changes in trading performance show that the Company should be able to operate within the level of its current facilities,

The Directors have a reasonable expectation that the Company has 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.

2.3 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 over the period the income relates to.

Third party revenue - this relates to income received from a rental agreement with Compass Group 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 Derwent FM who carry out the repairs.

2.4 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 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 will pass to the University.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.5 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.

2.6 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 subsequently enacted by the reporting date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Statement of Financial Position differs from its tax base, except for differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting, nor taxable profit.

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.

2.7 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.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.9 Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. The Company has not classified any of its financial assets as held to maturity or available-for-sale.

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 balance sheet 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 Company 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 Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.10 Creditors

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

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 for the University. This is money that will be deducted from the 17/18 rental income, released in September 2018.

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 company 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.

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 Company.

Construction margin

Revenue on construction was recognised at cost with no margin as profitability is 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.

ULIVING@ESSEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Turnover

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

	2018	2017
	£000	£000
Rental income	7,004	6,712
Third party revenue	12	24
Pass through revenue	5	4
	7,021	6,740

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2018	2017
	£000	£000
Amortisation of intangible assets	1,276	1,283
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	8	8

6. Directors' remuneration

	2018	2017
	£000	£000
Directors' emoluments	24	-
	24	-

No staff and Directors were directly employed by the Company. 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.

ULIVING@ESSEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Interest receivable

	2018	2017
	£000	£000
Interest receivable from group companies	335	278
Other interest receivable	2	-
	<u>337</u>	<u>278</u>

8. Interest payable and similar expenses

	2018	2017
	£000	£000
Finance costs	18	-
Loans from group undertakings	1,536	1,509
Refinance costs	-	11,941
Bond indexation	2,761	3,090
Amortisation of loan finance costs	567	313
Other interest payable	-	90
	<u>4,882</u>	<u>16,943</u>

9. Taxation

	2018	2017
	£000	£000
Corporation tax		
Current tax on loss for the year	-	1
	<u>-</u>	<u>1</u>
Total current tax	<u>-</u>	<u>1</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>-</u>	<u>1</u>

ULIVING@ESSEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is equal to (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Loss on ordinary activities before tax	(1,997)	(13,875)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(379)	(2,671)
Effects of:		
Total fixed asset differences at 19%	390	313
Income not taxable for tax purposes	(27)	-
Adjust opening deferred tax to average rate of 19%	(236)	-
Expenses not deductible for tax purposes at 19%	217	184
Adjust closing deferred tax to average rate of 19%	261	257
Adjustment to losses	(452)	-
Deferred tax not recognised	226	1,918
Total tax charge for the year	-	1

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

ULIVING@ESSEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Intangible assets

	Intangible assets £000
Cost	
At 1 January 2018	64,769
At 31 December 2018	64,769
Amortisation	
At 1 January 2018	5,725
Charge for the year	1,277
At 31 December 2018	7,002
Net book value	
At 31 December 2018	57,767
At 31 December 2017	59,044

ULIVING@ESSEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Debtors

	2018	2017
	£000	£000
Due after more than one year		
Due from shareholders	17,246	16,912
Prepayments and accrued income	14,011	14,353
	31,257	31,265

Prepayments and accrued income

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.

Due from Shareholders

An unsecured loan was made to the shareholders at an interest rate of 0.1% above the below mentioned debt facility of £98,200k 0.10% index linked guaranteed secured bonds due 2058 (Note 14). The loan is due repayable as agreed by the parties but no later than 31 August 2063.

	2018	2017
	£000	£000
Due within one year		
Trade debtors	1	1
Prepayments and accrued income	989	1,053
	990	1,054

12. Cash and cash equivalents

	2018	2017
	£000	£000
Cash at bank and in hand	7,850	7,806
	7,850	7,806

ULIVING@ESSEX LIMITED

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

	2018	2017
	£000	£000
Group bond	2,273	2,231
Unamortised debt issue costs	(100)	(100)
Trade creditors	37	469
Other creditors	1,457	1,274
Accruals and deferred income	2,276	1,856
	5,943	5,730

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Creditors: Amounts falling due after more than one year

	2018 £000	2017 £000
Group bond	91,997	94,174
Unamortised debt issue costs	(3,333)	(3,424)
Accumulated bond indexation	5,631	3,065
Subordinated debt	14,152	14,232
	<u>108,447</u>	<u>108,047</u>

Secured loans

In the comparative year the Company refinanced its bond loan arrangements, repaying its old facility in full. Unamortised arrangement fees on the old debt and a debt breakage fee have been put through the profit and loss account as a result of the transaction in the comparative year (Note 8).

The debt facility consists of £98,200k 0.10% index linked guaranteed secured bonds due 2058, issued by a 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 2018 £99,901k (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, of which ULiving@Essex Limited is a subsidiary, 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. The balance includes £73k (2017: £151k) of accrued interest to adjust for the effective interest method.

Shareholder loan notes carried an interest rate of 10.5% to 31st August 2013, 7.01% from 1st September 2013 to 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.

ULIVING@ESSEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Loans

Analysis of the maturity of loans is given below:

	2018 £000	2017 £000
Amounts falling due within one year		
Group bond	2,273	2,231
Unamortised debt issue costs	(100)	(100)
	2,173	2,131
Amounts falling due 1-2 years		
Group bond	2,304	2,273
Unamortised debt issue costs	(100)	(100)
	2,204	2,173
Amounts falling due 2-5 years		
Group bond	7,051	6,991
Unamortised debt issue costs	(301)	(301)
	6,750	6,690
Amounts falling due after more than 5 years		
Group bond	82,642	84,909
Due to parent company	14,078	14,078
Unamortised debt issue costs	(2,932)	(3,022)
	93,788	95,965
	104,915	106,959

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

16. Financial instruments

	2018 £000	2017 £000
Financial assets		
Financial assets measured at amortised cost	<u>25,700</u>	<u>25,296</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(117,844)</u>	<u>(117,301)</u>

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

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

17. Share capital

	2018 £000	2017 £000
Authorised, allotted, called up and fully paid		
15,000 (2017 - 15,000) Ordinary shares of £1.00 each	<u>15</u>	<u>15</u>

18. Related party transactions

The Company has taken advantage of the exemption available under FRS 102 and has not disclosed related party disclosures between the Company and other companies that are 100% owned by the group.

Equitix Education 2 Limited is considered to be a related parties due to their shareholding in the Company's immediate parent company Uliving@Essex Holdco Limited. Transactions with this related party relate to interest expense on shareholder loans and accrued interest and outstanding loan balances held at the year end, as well as an upstream loan made to Equitix Education 2 Limited as part of the refinancing activity, and interest accrued on this loan.

ULIVING@ESSEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. Controlling party

The immediate parent company is ULiving@Essex Holdco Limited. The smallest and largest group into which this company is consolidated is ULiving@Essex Holdco Limited. Copies of those accounts can be obtained from 5th Floor 120 Aldersgate Street, London, England, EC1A 4JQ.

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.