

Registered number: 08038090

ULIVING@ESSEX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



ULIVING@ESSEX LIMITED

COMPANY INFORMATION

Directors

D Vermeer
M Fowkes
R Gillespie

Company secretary

K Shah

Registered number

08038090

Registered office

3rd Floor (South Building)
200 Aidersgate Street
London
EC1A 4HD

Independent auditor

UHY Hacker Young LLP
Statutory Auditor & Chartered Accountants
Quadrant House
4 Thomas More Square
London
E1W 1YW

ULIVING@ESSEX LIMITED

CONTENTS

	Page
Strategic Report	1 - 3
Directors' Report	4 - 5
Directors' Responsibilities Statement	6
Independent Auditor's Report	7 - 10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13 - 14
Notes to the Financial Statements	15 - 27

ULIVING@ESSEX LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Introduction

The Directors present their strategic report of ULiving@Essex Limited (the "Company") for the year ended 31 December 2020.

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.

Business review

The profit for the year before taxation was £998k (2019: loss of £1,109k).

The financial position of the Company is presented in the Statement of Financial Position. The Company had net liabilities of £16,637k (2019: 17,635k) and cash of £8,373k (2019: £7,676k) as at 31 December 2020.

There has been no effect on the revenue of the Company during the current year and no expected impact to the next academic year as a result of Covid-19.

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.

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.

Demand and Occupancy risk

There is a risk as there are no contractual obligation to set a minimum nomination. Each year, the university sets a nomination. The demand for accommodation is dependant on student numbers accepting places at the University and choosing University accommodation. The University of Essex has consistently attracted high number of students and as a result, the University has been able to nominate 100% of available accommodation since the start of the concession. For 2021 / 2022 academic year nomination has been set at 100%.

ULIVING@ESSEX LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial management risk

The Company's main commercial risks during the year 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 has entered into a RPI linked interest rate loan to minimise risk from movement in base interest rates. Inflation risk is mitigated by linking RPI increases to rental income increases.

Credit risk

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

Liquidity risk

The Company manages its liquidity risk based on business needs, tax, capital or regulatory considerations, through numerous sources of finance in order to maintain flexibility. The directors manage liquidity risk to ensure that the company will always have sufficient funds to allow it to meet its liabilities as they fall due.

Section 172 Statement

Under the requirements of section 172 Companies Act the Directors are required to make a statement on how they have carried out their duty to promote the success of the company for the benefit of its members as a whole having regard to the matters set out in section 172(1):

- (a) the likely consequences of any decision in the long-term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers, and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standard of business conduct;
- (f) the need to act fairly between members of the company.

The company is a SPV in that its purpose is to design, build, finance and manage student accommodation. All its services are sub contracted and, as such it does not have any employees. Therefore, the main stakeholders of the company are the shareholders, the university, service providers, bond guarantors and trustees.

ULIVING@ESSEX LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Shareholders

An open communication is maintained with its shareholders on an on-going basis and as questions arise.

The University

A General Manager is appointed to deal with communications with the university, which are held formally on a regular basis and as well as ad hoc meetings when required to discuss any issues, nominations, student numbers, additional requirements of the university which will include major maintenance and variations.

The Board are regularly kept updated of the relationship with the university, the performance of the project, by way of quarterly management accounts and semi-annual model updates, the operational performance of the project via a General Manager's report and the KPI achievement as stated in the project agreement at the quarterly Board meetings. Robust service agreements with management service providers ensures sufficient controls are in place.

Service providers

A service provider manager handles the management of the project company's relationships with the University and its subcontractors through monthly operational meetings. The Board at the quarterly meetings reviews these relationships to ensure they are positive and deal with any issues promptly.

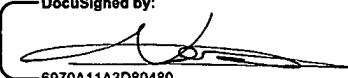
Bond guarantors and trustees

Communication is maintained with its bond guarantors and trustees on an on-going basis and as questions arise. Information undertakings in the credit agreements ensure that semi-annual model updates are sent for approval to the security trustee as well as associated compliance certificates, submission of financial and operational reports and regular face to face project updates. The Security trustee also conducts site visit on an ad hoc basis and is encouraged to have discussions with the University.

Interactions for the appointment of the company's auditors, lawyers etc. are dealt with at Board level and reviewed at quarterly Board meetings.

The Board recognises its responsibility for promoting the long-term success of the company for the benefit of its members as a whole through the achievement of milestones under the PFI concessions.

This report was approved by the board on 30 June 2021 and signed on its behalf.

DocuSigned by:

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D Vermeer
Director

ULIVING@ESSEX LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £852k (2019 - £1,109 thousand).

There were no dividends declared or paid (2019:£Nil).

Directors

The Directors who served during the year were:

D Vermeer
M Fowkes
R Gillespie

Going concern

The Company meets its day to day working capital requirements principally through a mixture of shareholder loans and bond finance. The bond finance loans are in place to 2058 and interest payments have both fixed and variable elements, with the variable elements being linked to movements in RPI for the term of the loan.

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

Even though the Company has a net liabilities position currently, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis on preparing the financial statements.

The outlook of the UK and Global economy has become increasingly uncertain due to the spread of the Covid-19 virus.

There has been no effect on the revenue of the Company during the current year and no expected impact to the next academic result of Covid-19. This assumption is based on contracts in place with the university, national trends and the marketability of the accommodation driving such revenue.

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

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

Matters covered in the strategic report

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 to set out matters in the Strategic Report as required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, including all risk management policies.

ULIVING@ESSEX LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

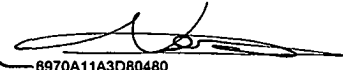
Post balance sheet events

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

Auditors

The auditors, UHY Hacker Young LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 30 June 2021 and signed on its behalf.

DocuSigned by:

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D Vermeer
Director

ULIVING@ESSEX LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 MEMBERS OF ULIVING@ESSEX LIMITED

Opinion

We have audited the financial statements of ULiving@Essex Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including 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 2020 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

ULIVING@ESSEX LIMITED

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 MEMBERS 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the company which were contrary to applicable laws and regulations including fraud and we considered the extent to which non-compliance might have a material effect on the financial Statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profits.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of minutes of board meetings, enquiries of management in so far as they related to the financial statements and reviewing supporting documentation to assess compliance with laws and regulations, and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

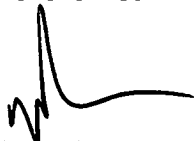
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

ULIVING@ESSEX LIMITED

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

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.



Marc Waterman (Senior Statutory Auditor)

for and on behalf of

UHY Hacker Young LLP

Statutory Auditor, Chartered Accountants

Quadrant House
4 Thomas More Square
London
E1W 1YW

30 June 2021

ULIVING@ESSEX LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	4	7,694	7,459
Cost of sales		(2,933)	(2,964)
Gross profit		4,761	4,495
Administrative expenses		(1,658)	(1,594)
Operating profit	5	3,103	2,901
Interest receivable and similar income	7	334	340
Interest payable and similar expenses	8	(2,439)	(4,350)
Profit/(loss) before tax		998	(1,109)
Tax on profit/(loss)	9	(146)	-
Profit/(loss) for the financial year		852	(1,109)
Other comprehensive income for the year			
Total comprehensive income for the year		852	(1,109)

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

The notes on pages 15 to 27 form part of these financial statements.

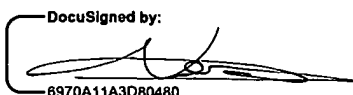
The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

ULIVING@ESSEX LIMITED
REGISTERED NUMBER: 08038090

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	10	55,171	56,474
		<u>55,171</u>	<u>56,474</u>
Current assets			
Debtors: amounts falling due after more than one year	11	31,242	31,251
Debtors: amounts falling due within one year	11	1,045	1,031
Cash at bank and in hand	12	8,373	7,676
		<u>40,660</u>	<u>39,958</u>
Creditors: amounts falling due within one year	13	(5,731)	(5,717)
Net current assets		<u>34,929</u>	<u>34,241</u>
Total assets less current liabilities		<u>90,100</u>	<u>90,715</u>
Creditors: amounts falling due after more than one year	14	(106,883)	(108,350)
Net liabilities		<u>(16,783)</u>	<u>(17,635)</u>
Capital and reserves			
Called up share capital	17	15	15
Profit and loss account		(16,798)	(17,650)
		<u>(16,783)</u>	<u>(17,635)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2021.

DocuSigned by:

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D Vermeer
 Director

The notes on pages 15 to 27 form part of these financial statements.

ULIVING@ESSEX LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2020	15	(17,650)	(17,635)
Comprehensive income for the year			
Profit for the year	-	852	852
Total comprehensive income for the year	-	852	852
At 31 December 2020	15	(16,798)	(16,783)

The notes on pages 15 to 27 form part of these financial statements.

ULIVING@ESSEX LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2019	15	(16,541)	(16,526)
Comprehensive Income for the year			
Loss for the year	-	(1,109)	(1,109)
Total comprehensive income for the year	-	(1,109)	(1,109)
At 31 December 2019	15	(17,650)	(17,635)

The notes on pages 15 to 27 form part of these financial statements.

ULIVING@ESSEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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:

ULIVING@ESSEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 reasonably possible changes in trading performance show that the Company should be able to operate within the level of its current facilities.

Even though the Company has a net liabilities position currently, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis on preparing the financial statements.

The outlook of the UK and Global economy has become increasingly uncertain due to the spread of the Covid-19 virus.

There has been no effect on the revenue of the Company during the current year and no expected impact to the next academic year as a result of Covid-19. This assumption is based on contracts in place with the university, national trends and the marketability of the accommodation driving such revenue.

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 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.

ULIVING@ESSEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.5 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.

2.6 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.

ULIVING@ESSEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.7 Creditors

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

2.8 Annual University Retention

A retention has been put in place against the current year's rental revenue to provide for the 19/20 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 20/21 rental income, released in September 2021.

2.9 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.

2.10 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.

ULIVING@ESSEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.11 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.

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.

Intercompany agreement – Interest rate

Subordinated 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 2020**

4. Turnover

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

	2020	2019
	£000	£000
Rental income	7,685	7,454
Third party revenue	4	-
Pass through revenue	5	5
	<u>7,694</u>	<u>7,459</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2020	2019
	£000	£000
Amortisation of intangible assets	1,303	1,293
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	8	8
	<u>8</u>	<u>8</u>

6. Directors' remuneration

	2020	2019
	£000	£000
Directors' emoluments	98	97
	<u>98</u>	<u>97</u>

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 2020**

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

The tax assessed for the year is lower than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£000	£000
Profit/(loss) on ordinary activities before tax	997	(1,110)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	190	(211)
Effects of:		
Total fixed asset differences at 19%	183	181
Income not taxable for tax purposes	(27)	(27)
Adjust opening deferred tax to average rate of 19%	-	(275)
Expenses not deductible for tax purposes at 19%	65	81
Adjust closing deferred tax to average rate of 19%	-	274
Adjustment to losses	-	(14)
Deferred tax not recognised	10	(9)
Remeasurement of deferred tax for changes in tax rates	(275)	-
Total tax charge for the year	146	-

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 2020**

7. Interest receivable

	2020	2019
	£000	£000
Interest receivable from group companies	333	336
Other interest receivable	1	4
	334	340

8. Interest payable and similar expenses

	2020	2019
	£000	£000
Finance costs	16	8
Amortisation of loan finance costs	83	491
Loans from group undertakings	1,191	1,581
Bond indexation	1,149	2,270
	2,439	4,350

9. Taxation

	2020	2019
	£000	£000
Corporation tax		
Current tax on profits for the year	146	-
	146	-
Total current tax	146	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	146	-

ULIVING@ESSEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Intangible assets

	Intangible assets £000
Cost	
At 1 January 2020	64,769
At 31 December 2020	<u>64,769</u>
Amortisation	
At 1 January 2020	8,295
Charge for the year on owned assets	1,303
At 31 December 2020	<u>9,598</u>
Net book value	
At 31 December 2020	<u>55,171</u>
At 31 December 2019	<u>56,474</u>

11. Debtors

	2020 £000	2019 £000
Due after more than one year		
Due from Shareholders	17,915	17,582
Prepayments and accrued income	13,327	13,669
	<u>31,242</u>	<u>31,251</u>

ULIVING@ESSEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Debtors (continued)**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 15). The loan is due repayable as agreed by the parties but no later than 31 August 2063.

	2020	2019
	£000	£000
Due within one year		
Trade debtors	2	1
Prepayments and accrued income	1,043	1,030
	<u>1,045</u>	<u>1,031</u>

12. Cash and cash equivalents

	2020	2019
	£000	£000
Cash at bank and in hand	8,373	7,676
	<u>8,373</u>	<u>7,676</u>

13. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Unamortised debt issue costs	(91)	(91)
Group bond	2,117	2,473
Trade creditors	310	17
Corporation tax	146	-
Other creditors	465	494
Accruals and deferred income	2,784	2,824
	<u>5,731</u>	<u>5,717</u>

ULIVING@ESSEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

	2020	2019
	£000	£000
Unamortised debt issue costs	(3,162)	(3,252)
Group bond	87,128	89,222
Accumulated bond indexation	8,643	7,996
Subordinated loan	14,274	14,384
	106,883	108,350

Group Bond

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 2020 £97,888k (2019: £99,691k) of the bond facility is outstanding. Principal repayments are made semiannually in line with the agreement. The proceeds of the bond are loaned to the Company on the same payment terms and installments as made by ULiving@Essex Issuerco plc.

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").

Subordinated loans

Subordinated loans constitute unsecured debt and the total sum available 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 poll 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 £197k (2019: £307k) of accrued interest to adjust for the effective interest method.

Subordinated 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 2020**

15. Loans

Analysis of the maturity of loans is given below:

	2020	2019
	£000	£000
Amounts falling due within one year		
Group bond	2,117	2,473
Unamortised debt issue costs	(91)	(91)
	<u>2,026</u>	<u>2,382</u>
Amounts falling due 1-2 years		
Group bond	2,635	2,606
Unamortised debt issue costs	(91)	(91)
	<u>2,544</u>	<u>2,515</u>
Amounts falling due 2-5 years		
Group bond	8,224	8,241
Unamortised debt issue costs	(272)	(272)
	<u>7,952</u>	<u>7,969</u>
Amounts falling due after more than 5 years		
Subordinated debt	14,078	14,078
Group bond	76,268	78,376
Unamortised debt issue costs	(2,799)	(2,890)
	<u>87,547</u>	<u>89,564</u>
	<u><u>100,069</u></u>	<u><u>102,430</u></u>

ULIVING@ESSEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Financial instruments

	2020	2019
	£000	£000
Financial assets		
Financial assets measured at amortised cost	<u>26,290</u>	<u>25,258</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(115,721)</u>	<u>(117,410)</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

	2020	2019
	£000	£000
Allotted, called up and fully paid		
15,000 (2019 - 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.

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 3rd Floor (South), 200 Aldersgate Street, London, EC1A 4HD.

The ultimate parent and controlling party is considered to be Equitix Fund II LP, a limited partnership in England and Wales. Copies of the consolidated accounts are available at Companies House.