Registered No. 09943090

NEW BATH COURT (OPCO) LIMITED

Report and Financial Statements

31 December 2020

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Directors' report

The directors present their report for the year ended 31 December 2020.

This report has been prepared in accordance with the provisions in part 15 of the Companies Act 2006 applicable to companies subject to the small companies' regime.

Directors of the Company

The directors who served throughout the period and up to the date of this report except as noted, were as follows:

- N Guerin (resigned 28 August 2020)
- M Smith
- E Ordines (resigned 1 October 2020)
- O Campbell (appointed 22 July 2020)

Dividends

No dividends have been paid or proposed during the period.

Principal activities, review of the business and future developments

The Company commenced trading during the year and operates residential accommodation for students in Birmingham. The Company intends to continue this activity in the future.

Financial instruments

The Company finances its activities from rental income. Other financial assets and liabilities such as trade debtors and trade creditors arise directly from the Company's operating activities.

Business review

The loss for the year was £182,000 *(2019: £nil)*. The financial position as at 31 December 2020 is shown in the Company's statement of financial position on page 7.

The Company's core business during 2020 was operating of residential accommodation for students.

The turnover during the year was £574,000 *(2019: £nil)*. The loss before tax was £182,000 *(2019: £nil)*.

Principal risks and uncertainties

The Company is exposed through its operations to the following risks:

- Credit risk
- Interest rate risk; and
- Liquidity risk

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables

Directors' report *(continued)*

General objectives, policies and procedures

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The board receives monthly reports from the Company Finance Manager through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. This risk will become significant following the completion of the construction of the investment property. It is the Company's intention to establish procedures to both assess the creditworthiness and mitigate the risk of credit risk of potential customers before entering into contracts with them.

Interest rate risk

The Company manages its exposure to interest rate risk by borrowing at fixed rates of interest wherever possible. All borrowings outstanding as at 31 December 2020 are subject to fixed rates of interest.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

Tenant receivables

Tenants are assessed according to Group criteria prior to entering into lease arrangements. Credit risk is managed by requiring the tenants to pay rentals in advance. Outstanding tenants receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Price risk

The Group is exposed to price and demand risk in the Birmingham student accommodation market. The Group monitors this risk through ongoing review of the local market and by commissioning independent valuations of the property during construction. Such valuations take into consideration market trends.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Company monitors cash flow projections through use of a long-term financial model which indicates anticipated cash balances at the end of each month. The Company also seeks to reduce liquidity risk by fixing interest rates on its long term borrowings. This is discussed further in the 'interest rate risk' section above.

Directors' liabilities

The Articles of Association of the Company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of section 234 of the Companies Act 2006. Indemnity provisions of this nature have been in place during the year and remain in place as at the date of this report but have not been utilised by the directors.

Directors' report *(continued)*

Brexit impact

The directors have assessed the impact of Brexit and believe that, although significant uncertainty exists, there will be no material effect on the trade and operations of the Company.

Post Brexit, the Company is continuing to monitor risks in relation to the business environment and financial impact, in particular, the potential impact of no deal being reached. Measures are being taken to protect projects currently in progress and the Company will adapt as required, to new market conditions for future projects.

Going concern

The Company's business activities, together with the factors likely to affect its future development and its financial position are set out in the Directors' Report.

The financial statements have been prepared on a going concern basis.

The directors have considered the impact the Covid-19 pandemic may have on the Company and have considered the funding requirements of the business over the next 12 months. The directors consider that the Company has adequate resources to continue operations and the directors conclude, therefore, that adopting the going concern basis of accounting in preparing the annual financial statements is appropriate.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with UK laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

Oliver Campbell
Director

Becket.House
1 Lambeth Palace Road
London SE1 7EU

26 August 2021

Statement of profit and loss
for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Revenue	3	**574**	-
Cost of sales		**(681)**	-
Gross Loss		**(107)**	-
Administrative expenses		**(28)**	-
Marketing expenses		**(47)**	-
Operating loss		**(182)**	-
Interest payable and similar charges	*6*	-	-
Loss before tax		**(182)**	-
Income tax expense	*7*	-	-
Loss for the year	*15*	**(182)**	-

The results in the statement of profit and loss relate to continuing operations.

The notes on pages 8 to 16 form part of these Financial Statements.

Statement of comprehensive income
for the year ended 31 December 2020

	Note	**2020** **£000**	2019 £000
Loss for the year	*15*	**(182)**	-
Total comprehensive income for the year		**(182)**	-

The notes on pages 8 to 16 form part of these Financial Statements.

Statement of changes in equity
for the year ended 31 December 2020

	Called up share capital £000	*Retained earnings £000*	*Total Equity £000*
At 1 January 2019	-	-	-
Result for the year	-	-	-
Total comprehensive income for the year	-	-	-
At 31 December 2019	-	-	-
Result for the year	-	(182)	(182)
Total comprehensive income for the year	-	(182)	(182)
At 31 December 2020	**-**	**(182)**	**(182)**

The notes on pages 8 to 16 form part of these Financial Statements.

Statement of financial position
at 31 December 2020

	Note	2020 £000	2019 £000
Current assets			
Rent and other trade receivables	*8*	**692**	-
Cash and cash equivalents	*9*	**641**	-
		1,333	-
Current liabilities			
Creditors	*10*	**(1,515)**	-
Net current assets		**(182)**	-
Total assets less current liabilities		**(182)**	-
Non-current liabilities			
Creditors: amounts falling due after more than one year	*11*	**-**	-
Net liabilities/ assets		**(182)**	-
Capital and reserves			
Called up share capital	*12*	**-**	-
Retained earnings	*13*	**(182)**	-
Total equity		**(182)**	-

For the financial year in question the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.
No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of Companies Act 2006.
The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.
These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised by the board of directors on 26 August 2021 and were signed on its behalf by:

O Campbell
Director

The notes on pages 8 to 16 form part of these Financial Statements.

Notes
(forming part of the financial statements)

1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of New Bath Court (Opco) Limited (the "Company") for the year ended 31 December 2020 were authorised for issue by the board of directors on the date shown on the statement of financial position. New Bath Court Limited is incorporated and domiciled in England and Wales. The registered address of the Company is Becket House, 1 Lambeth Palace Road, London, United Kingdom, SE1 7EU.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise indicated.

The results of the Company are included in the consolidated financial statements of HSU JV LLP which are available from Becket House, 1 Lambeth Palace Road, London, United Kingdom, SE1 7EU.

The principal accounting policies adopted by the Company are set out in note 2.

2 Accounting policies

Going concern

The Company's business activities, together with the factors likely to affect its future development and its financial position are set out in the Directors' Report.

The financial statements have been prepared on a going concern basis.

The directors have considered the impact the Covid-19 pandemic may have on the Company and have considered the funding requirements of the business over the next 12 months. The directors consider that the Company has adequate resources to continue operations and the directors conclude, therefore, that adopting the going concern basis of accounting in preparing the annual financial statements is appropriate.

Basis of preparation

The accounting policies which follow set out those policies which were applied in preparing the financial statements for the year ended 31 December 2020.

(a) New standards, interpretations and amendments adopted in the current financial year ended 31 December 2020

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements.

Effective date – periods beginning on or after

IFRS 9 Financial Instruments: Recognition and Measurement and IFRS7 Financial Instruments: Interest rate Benchmark Reform	1 January 2020
IFRS 3 Business Combinations: Definition of a Business	1 January 2020
Conceptual Framework (Revised) and amendments to related references in IFRS Standards	1 January 2020
IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment): Definition of Material	1 January 2020
IFRS 16 Leases (Amendment): Covid-19-related Rent Concessions	1 June 2020

The accounting policies which follow set out those policies which were applied in preparing the financial statements for the year ended 31 December 2020.

2 Accounting policies *(continued)*

Basis of preparation (continued)

(b) Standards, amendments and interpretations in issue but not yet effective

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Group's financial statements.

The Group is however continuing to assess the full impact that adopting IFRS 9, IFRS 7 and IFRS 3 will have on future financial statements, and therefore the full effect is yet to be determined.

	Effective date – periods beginning on or after
IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current	1 January 2021
IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures,. IFRS 4 Insurance Contracts and IFRS 16 Leases (Amendments): Interest Rate Benchmark Reform – Phase 2	1 January 2021
IFRS 4 Insurance Contracts (Amendment): Extension of the Temporary Exemption from Applying IFS 9	1 January 2021
IAS 16 *Property, Plant and Equipment* (Amendment): Proceeds before Intended Use	1 January 2022
IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*: (Amendment): Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
IFRS 3 *Business Combinations* (Amendment): Reference to Conceptual Framework	1 January 2022
Annual Improvements to IFRSs (2018-2020 cycle)	1 January 2022
IAS 1 Presentation of Financial Statements (Amendment): Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-Current – Deferral Effect	1 January 2023

New accounting standards and interpretations

The Group applied the same standards, interpretations and accounting policies in 2020 as applied in its financial statements for the year ended 31 December 2019, except for changes required to meet new IFRS requirements applicable from 1 January 2020.

The nature and effect of the changes as a result of adoption of these new accounting standards is described in note 15.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 *Share-based Payment*, on the basis that the Company is a subsidiary and the share based payment arrangement concerns the instruments of another group entity;

b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combination;*

c) the requirements of paragraphs 33(c) of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*;

d) the requirements of IFRS 7 *Financial Instruments: Disclosures;*

e) the requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*;

f) the requirements of the second sentence of paragraph 110 and paragraphs 113(a) 114,115,118,119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers;*

2 Accounting policies *(continued)*

Basis of preparation (continued)

g) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:

  i) Paragraph 79(a)(iv) of IAS 1;
  ii) Paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
  iii) Paragraph 118(e) of IAS 38 *Intangible Assets*;
  iv) Paragraphs 76 and 79(d) of IAS 40 *Investment Property*; and
  v) Paragraph 50 of IAS 41 *Agriculture*.

h) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*;

i) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;

j) the requirements of paragraph 17 and 18A of IAS 24 *Related Party Disclosures*;

k) the requirements of IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and

l) the requirements of paragraphs 130(f)(ii), 130(f)(iii) 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets*.

Judgements and key sources of estimation uncertainty

Preparing financial statements requires the use of estimates and assumptions which may have affected the amounts reported for assets and liabilities at the end of the reporting period, and the amounts of income and expenses reported for the financial year. Those estimates and assumptions have been applied consistently on the basis of past experience and of various other factors regarded as reasonable forming the basis of assessments of the valuations of assets and liabilities for accounting purposes. Actual results may differ materially from these estimates if different assumptions or conditions apply. The main areas in which estimates and assumptions are involved are as follows:

Valuation of investment property
A key source of estimation uncertainty arises in relation to the valuation of the investment property, particularly during the period in which it is under construction. The Company mitigates this uncertainty by appointing reputable independent valuation professionals to assess the value of the property. The assumptions applied as part of these valuations are disclosed in note 8.

2.1 Assets

Current assets

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Trade receivables are essentially short term, and are carried at face value net of impairment allowances recorded to reflect the probability of recovery.

Notes *(continued)*

2 Accounting policies *(continued)*

Accounting policies and valuation methods (continued)

2.1 Assets (continued)

<u>Current assets</u> (continued)

In line with the percentage of completion method of accounting for long-term contracts, trade receivables include:

- Invoices issued as works are executed or services provided, and accepted by the customer; and
- Unbilled receivables, arising where works have been carried out but billing or acceptance by the customer has been temporarily delayed or is not yet due.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with maturities of three months or less.

Because of the short-term nature of these items, the carrying amounts shown in the financial statements are a reasonable estimate of market value.

2.2 Liabilities and shareholders' equity

a) <u>Non-current liabilities</u>

Non-current creditors

Non-current creditors are measured at fair value at initial recognition, and subsequently at amortised cost.

b) <u>Current liabilities</u>

Trade and other payables

Because of the short-term nature of these liabilities, the carrying amounts shown in the financial statements are a reasonable estimate of market value.

Provisions for liabilities

A provision is recorded where the Company has a present obligation to a third party at the end of the reporting period resulting from a past event, the settlement of which is expected to result in a probable outflow from the Company of resources embodying economic benefits that can be measured reliably.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

2 Accounting policies *(continued)*

Accounting policies and valuation methods (continued)

2.3 Statement of profit and loss

a) Revenue Income

The Company earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised as it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

b) Operating profit

Operating profit represents the net amount of all income and expenses not generated by financing activities and excludes corporation tax.

2.4 Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised on all differences between the carrying amount and the tax base of assets or liabilities (balance sheet liability method). These differences arise from:

- Temporary differences between the carrying amount and tax base of assets or liabilities, which may be:
  - items generating a tax liability in the future (deferred tax liabilities), arising mainly from income that is liable to tax in future periods; or
  - items deductible from taxable profits in the future (deferred tax assets). Deferred tax assets are reviewed at the end of each reporting period, and recognised where it is probable there will be sufficient taxable profits to enable the temporary differences to be offset.
- Tax losses available for carry-forward (deferred tax assets), provided that there is a strong probability of recovery in future periods.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the statement of profit and loss.

Notes *(continued)*

3 Revenue

	2020	2019
	£000	£000
Rental income	**574**	-
	-	-

4 Directors' Remuneration

No remuneration was payable or receivable by the Directors in respect of qualifying services provided to the Company during the year *(2019: nil)*.

5 Staff numbers and costs

The Company had no employees during the year under review *(2019: nil)*.

6 Interest payable and similar charges

	2020	2019
	£000	£000
Bank charges	-	-
	-	-

Notes *(continued)*

7 Taxation

Tax charged in the statement of profit and loss

	2020 £000	2019 £000
Current tax:		
Current tax on income for the year	-	-
Total current tax	-	-
Deferred tax	-	-
Total deferred tax	-	-
Tax charge in the statement of profit and loss	-	-

Factors affecting the tax charge for the current year

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

	2020 £000	2019 £000
Total income tax reconciliation:		
Loss before tax	**(182)**	-
Tax calculated at UK standard rate of corporation tax of 19%	**36**	-
Effects of:		
Deferred tax asset not recognised	**(36)**	-
Total tax charge reported in the statement of profit and loss (see above)	-	-

Due to the uncertainty around future profitability, the Company has not recognised any deferred tax assets.

Factors that may affect future tax charges

The Company's tax charge may benefit in the future from group relief receivable from other group entities in the UK. This will depend on the availability of losses and the tax position of these other entities.

The UK corporation tax rate was expected to reduce to 17% from 1 April 2020. During 2020 the Government announced that the expected tax rate reduction would not take place and that the tax rate would remain at 19%. This change was substantively enacted on 17 March 2020 and the effect is included in these financial statements. During 2021 the Government has announced that the UK corporation tax rate will increase to 25% from 1 April 2023. This change was not substantively enacted as at the balance sheet date and the effect is not included in these financial statements.

Notes *(continued)*

8 Rent and other trade receivables

	2020	2019
	£000	£000
Rent receivables	**568**	-
Prepayments	**19**	-
Amounts owed by group undertakings	**105**	-
	692	-

All debtors are due within one year.

Movements in the provisions for impairment of receivables were as follows:

	Rent receivables	**Other trade receivables**	**Total**
	£000	£000	£000
At 1 January 2019	-	-	-
Charge for the year	-	-	-
At 31 December 2019	-	-	-
Charge for the year	159	-	159
At 31 December 2020	**159**	-	**159**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above.

An impairment analysis of individual rentals outstanding is performed at each reporting date and a corresponding provision taken.

9 Cash and cash equivalents

	2020	2019
	£000	£000
Cash at bank and in hand	**641**	-
	641	-

Notes *(continued)*

10 Creditors - current

	2020	2019
	£000	£000
Trade payables	**11**	-
Deferred Income	**1,203**	-
Accruals	**243**	-
Amounts owed to group undertakings	**58**	-
	1,515	-

11 Called up share capital

	2020	2019
	£000	£000
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each 100	-	-

12 Reserves

	Retained earnings	Total
	£000	£000
At 1 January 2020	-	-
Profit for the year	**(182)**	(182)
At 31 December 2020	**(182)**	(182)

13 Ultimate parent company and parent undertaking of smallest group of which the Company is a member

The Company is a subsidiary undertaking of New Bath Court Limited incorporated in England and Wales.

The smallest and largest group in which the results of the Company are consolidated is that headed by HSU JV LLP. The consolidated financial statements of the group are available to the public and may be obtained from Becket House, 1 Lambeth Palace Road, London SE1 7EU, United Kingdom.

The Company's ultimate parent undertaking is HSU JV LLP, a limited liability partnership incorporated in England and Wales.