

Uliving@Brighton (Holdco) Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

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Strategic report

Introduction

The Directors present their Strategic Report for Uliving@Brighton (Holdco) Limited (the “Company”) for the year ended to 31 December 2022. The Company is limited by shares, and its purpose is to act as a holding company for its sole subsidiary Uliving@Brighton Limited (the “Subsidiary”), together referred to as the “Group”.

Principal activities, review of the business and future developments

The Company’s core business during the year was as a holding Company for a Group engaged in the development of student accommodation for the University of Brighton. The Company does not trade on its own account.

The Subsidiary has completed the development of residential accommodation for students at the University of Brighton. The accommodation includes 804 student bedrooms with shared living areas situated in 5 tower blocks, together with a Student Union and a gymnasium. The development was forward funded by Lime Property Fund Limited Partnership, University of Brighton and by shareholder loans. The development was built upon land owned by the University of Brighton, who have granted a long lease to Lime Property Fund Limited Partnership. In turn, Lime Property Fund Limited Partnership granted a long term sublease to the Group who will be responsible for facilitating the operation of the accommodation for the term of the lease. The Group will make repayments of the forward funding facility over this lease period. Despite the impact of Covid-19 the Group completed the project on time and the accommodation was made available from September 2021. The Group’s activities consist of two phases: first, the construction phase, and then the operational phase which will last for the period of the sublease.

From September 2021 for two academic years, the Group will benefit from guaranteed rental relating to the accommodation units. Thereafter, the Group will bear the risk of void units. Based on historic demand, the directors believe this risk to be low. The Group has entered into various agreements relating to the prices to be charged to tenants in respect of the accommodation and has also entered into contracts with a facilities management company connected to one of the ultimate shareholders for the future operation of the site. These agreements contain provisions relating to annual price increases which are linked to inflation indices, but some of which are subject to collar and caps.

Business Review

The consolidated loss for the year was £5,974k (2021: profit £827k). The financial position as at 31 December 2022 is shown in the consolidated statement of financial position sheet on page 9.

The turnover for the year was £5,911k (2021: £41,778k), the loss before tax was £5,974k (2021: profit £1,028k).

The Company will continue to hold the investment in its Subsidiary.

Financial key performance indicators

The Directors consider revenue, operating profit, profit before tax, profit after tax and the achievement of meeting the covenants within the contractual agreements to be the key performance indicators of the Group.

Financial instruments

The Group finances its activities with a combination of shareholder loans and senior debt loans from Lime Property Fund Limited Partnership. Other financial assets and liabilities such as trade debtors and trade creditors arise directly from the operating activities of the Group.

Strategic report *(continued)*

Principal risks and uncertainties

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

- Interest rate risk
- Liquidity risk
- Cost of living crisis and Energy cost risk
- Future demand for student accommodation
- Nominations and occupancy risk; and
- Rent setting risk

Financial risk management

The Group is exposed to risks that arise from its use of financial instruments. The note describes the Company's and Group'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:

- Cash and cash equivalents
- Trade and other payables
- Senior debt loans which are at a fixed base rate, but which fluctuate in line with the Retail Price Index

General objectives, policies and procedures

The Board has overall responsibility for the determination of the Group'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 Management Services Agreement ("MSA") Provider's finance function. The board receives monthly reports from the MSA Provider's through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Interest rate risk

The Group manages its exposure to interest rate risk by borrowing at fixed rates of interest, plus RPI for its senior debt facility. The Group has also entered into a fixed plus RPI linked interest rate subordinated debt loan, to mitigate risk from movement in base rate interest rates.

Once the construction phase of the project is complete the Group will operate the accommodation over a multi decade lease period. Rental charged will be linked to RPI, but subject to a collar and cap. The Group has sought to mitigate this risk by entering into similar contracts with its own providers, but there is the risk that if cost inflation exceeds the amounts which can be recharged to tenants that losses could be incurred.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments of its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. During the construction phase of the project, construction costs are covered by monthly drawdowns against the funding facility in place with Lime Property Fund Limited Partnership.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group monitors cash flow projections through use of a long-term financial model which indicates anticipated cash balances at the end of each month. The Group 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.

Strategic report (continued)

Demand for Student accommodation in Brighton

The success of the operational phase of the project depends upon there being sufficient demand for student accommodation in Brighton over the lease period. The risk of void units is borne by the Group, although there is a rental guarantee for the first 24 months. Failure to secure high levels of occupancy would impact upon the Group's ability to service its debt obligations, especially the subordinated debt provided by the shareholders. The Group is dependent upon the University remaining an attractive destination for students, whilst the Group itself will seek to ensure that the accommodation offered is of the highest standards so as to maintain high demand. However, based on historic information there is a high level of demand for University of Brighton student accommodation. Thus, the directors believe this risk to be low.

Cost of living crisis and Energy cost risk

During the year of 2022 and through 2023, worldwide inflation and more predominantly "The Cost of Living Crisis" was seen throughout the UK, with high energy prices, due to various factors including global wars and high inflation. The directors believe this to be of medium risk in the short term but of low risk in the future based on historical data and the contract and mechanisms we have in place.

Nominations and occupancy risk

The success of the operational phase of the project depends upon there being sufficient demand for student accommodation in Brighton over the lease period. The University has the right to nominate how many of the rooms for which they will take up during any given Academic year, any shortfall(s) will be managed by the company with an external marketing company to fill the rooms. The first two academic years of the contract are nominated at 100%.

Rent setting risk

The rent setting risk is linked to the nomination and occupancy risk, in that rising levels of rents may not be favourable seen by the University and then electing now to allocate rooms or firstly allocate on other sites of accommodation they may have. The first two academic years of the contract are nominated at 100%.

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



M Lunneker
Director

Becket House
1 Lambeth Palace Road
London
SE1 7EU

14 December 2023

Directors' report

The directors present their Annual Report together with the Financial Statements of the Company for the year ended 31 December 2022.

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

Results and dividends

The consolidated loss for the year, after taxation, amounted to £5,974k (2021: profit £827k).

No dividends have been paid or proposed during the year (2021: £Nil).

Directors of the Company

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

- A Boutrolle (Resigned 5 July 2023)
- D Bradbury (resigned 1 May 2022, appointed 14 October 2022, resigned 15 November 2023)
- M Lunneker
- M Topolewska (appointed 31 March 2022)
- M Smith (resigned 31 March 2022)
- R Newton (appointed 1 May 2022, resigned 14 October 2022)
- O Campbell (appointed 5 July 2023)

Directors' liabilities

The Articles of Association of the Group provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the Group against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with 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.

Going concern

The Directors have prepared cash flow forecasts covering a period of 12 months from the date of approval of these financial statements which indicate that, the Group will have sufficient funds to meet its liabilities as they fall due for that period. However, these forecasts assume that all interest payments due to the shareholders will be deferred until at least November 2024. There is no formal agreement in place with the shareholders for this deferral. The lack of formal agreement in place is a material uncertainty that may cast significant on the Group's ability to continue as a going concern.

In making this assessment the Directors have considered the impact of The Cost of Living Crisis. The operational phase of the project is in its second academic year and we have now locked into favourable utility energy price contracted rates, this also coincided with an agreed 100% nomination from the University, with an increase in revenue which is RPI linked, and also includes recoveries of the utility energy price contracted rates

The Directors believe the Group has sufficient funding in place and expect the Group to be in compliance with its external debt covenants.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements provided ongoing shareholders support is forthcoming and therefore have prepared the financial statements on a going concern basis.

Directors' report *(continued)*

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), 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 for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

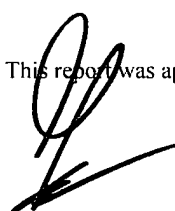
The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies 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.

Disclosure of information to auditor

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 Group's auditor is 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 Group's auditor is aware of that information.

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



M Lunneker
Director

Becket House
1 Lambeth Palace Road
London
SE1 7EU

14 December 2023

Independent Auditor's report to the Members of Uliving@Brighton (Holdco) Limited

Opinion

We have audited the financial statements of Uliving@Brighton (Holdco) Limited (the 'Company') and its subsidiary (the 'Group') for the year to 31 December 2022, which comprise the Consolidated statement of profit and loss, the Consolidated and Company statements of financial position, the Consolidated and Company statement of changes in equity, the Consolidated statement of cash flows, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Company's affairs as at 31 December 2022 and of the loss of the group 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.

Material Uncertainty Related to Going Concern

We draw your attention to note 2.2 which indicates the Group is reliant on the financial support of its shareholders to continue to operate and meet its liabilities as they fall due. However, there is no contractual obligation for the shareholders to provide this support. The shareholders have indicated their support to defer all interest payments due to them until November 2024 however there is no formal agreement to defer amounts owed by the company to its shareholders. The lack of formal agreement to defer payments indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

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 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.

Independent Auditor's report to the Members of Uliving@Brighton (Holdco) Limited *(continued)*

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's report to the Members of Uliving@Brighton (Holdco) Limited *(continued)*

Auditor's 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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's report to the Members of Uliving@Brighton (Holdco) Limited *(continued)*

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK adopted International Accounting Standards, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of noncompliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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.

Independent Auditor's report to the Members of Uliving@Brighton (Holdco) 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.

Moore Kingston Smith LLP

Jeremy Read (Senior Statutory Auditor)

for and on behalf of
Moore Kingston Smith LLP

Chartered Accountants, Statutory Auditor
Victoria Square
St Albans
Hertfordshire
AL1 3TF

Date : 15 December 2023

Consolidated statement of profit and loss
for the year ended 31 December 2022

	<i>Note</i>	2022	2021
		£000	£000
Turnover	4	5,911	41,778
Cost of sales		(2,488)	(36,691)
Gross profit		3,423	5,087
Administrative expenses		(2,076)	(727)
Operating profit	5	1,347	4,360
Interest receivable and similar income		22	-
Interest payable and similar charges	7	(7,343)	(3,333)
(Loss)/ profit before tax		(5,974)	1,027
Tax charge	8	(0)	(200)
(Loss)/ profit for the year		(5,974)	827

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

There were no recognised gains or losses other than those included in the profit and loss account and therefore no separate Statement of Comprehensive Income has been presented.

The notes on pages 18 to 27 form part of these consolidated financial statements.

Consolidated statement of financial position
as at 31 December 2022

	<i>Note</i>	2022 £000	2021 £000
Non-current assets			
Intangible asset	<i>10</i>	100,959	103,033
Current assets			
Debtors	<i>11</i>	1,107	1,043
Cash at bank and in hand		3,426	2,982
		<hr/>	<hr/>
		4,533	4,025
Current liabilities			
Creditors: amounts falling due within one year	<i>12</i>	(6,259)	(4,097)
		<hr/>	<hr/>
Net current (liabilities)		(1,725)	(72)
		<hr/>	<hr/>
Total assets less current liabilities		99,234	102,961
Non-current liabilities			
Creditors: amounts falling due after more than one year	<i>13</i>	(103,870)	(101,624)
		<hr/>	<hr/>
Net (liabilities)/ assets		(4,637)	1,337
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	<i>14</i>	-	-
Retained earnings		(4,637)	1,337
		<hr/>	<hr/>
Shareholders' funds		(4,637)	1,337
		<hr/>	<hr/>

The financial statements were approved and authorised by the board of directors on 14 December 2023 and were signed on its behalf by:

M Lunneker
Director



The notes on pages 18 to 27 form part of these consolidated financial statements.

Company statement of financial position
as at 31 December 2022

	<i>Note</i>	As at 31 December 2022	As at 31 December 2021
		£000	£000
Non-current assets			
Investments	10	-	-
		<hr/>	<hr/>
		-	-
Current assets		-	-
		<hr/>	<hr/>
		-	-
Current liabilities			
Creditors: amounts falling due within one year		-	-
		<hr/>	<hr/>
Net current assets		-	-
		<hr/>	<hr/>
Total assets less current liabilities		-	-
Non-current liabilities			
Creditors: amounts falling due after more than one		-	-
		<hr/>	<hr/>
Net assets		-	-
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	-	-
		<hr/>	<hr/>
Shareholders' funds		-	-
		<hr/>	<hr/>

The financial statements were approved and authorised by the board of directors on 14 December 2023 and were signed on its behalf by:

M Lunneker
Director



The notes on pages 18 to 27 form part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2022

	<i>Called up share capital £000</i>	<i>Retained earnings £000</i>	<i>Total Equity £000</i>
At 1 January 2021	-	510	510
Profit for the year	-	827	827
Total comprehensive income for the period	-	827	827
At 31 December 2021	-	1,337	1,337
(Loss) for the year	-	(5,974)	(5,974)
Total comprehensive (loss) for the year	-	(5,974)	(5,974)
At 31 December 2022	-	(4,637)	(4,637)

The notes on pages 18 to 27 form part of these consolidated financial statements.

Company statement of changes in equity
for the year ended 31 December 2022

	<i>Called up share capital £000</i>	<i>Retained earnings £000</i>	<i>Total Equity £000</i>
At 1 January 2021	-	-	-
Profit for the year	-	-	-
Total comprehensive income for the period	-	-	-
At 31 December 2021	-	-	-
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
At 31 December 2022	-	-	-

The notes on pages 18 to 27 form part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2022

	2022 £000	2021 £000
Cash flows from operating activities		
(Loss)/ profit for the year	(5,975)	827
<i>Adjustments for:</i>		
Interest received	-	-
Taxation charge	-	160
Interest and similar expenses paid	-	-
Increase in debtors	(64)	(1,223)
Increase/ (decrease) in creditors and accruals	8,101	(7,690)
Decrease/ (increase) intangibles	2,074	(32,399)
Net cash inflow/ (outflow) from operating activities	4,136	(40,325)
Cash flows from investing activities		
Interest received	-	-
Net cash generated from investing activities	-	-
Cash flows from financing activities		
Taxation	(28)	(197)
Cash flows from financing activities		
Funds from shareholders	-	-
Third party loans	-	43,971
Loan repayment	(3,664)	(912)
Proceeds from issue of ordinary share capital	-	-
Interest and similar expenses paid	-	-
Net cash generated from financing activities	(3,664)	42,862
Net increase in cash and cash equivalents	444	2,537
Cash and cash equivalents at the beginning of the year	2,982	445
Cash and cash equivalents at the end of the year	3,426	2,982
Cash at bank and in hand	3,426	2,982

The notes on pages 18 to 27 form part of these consolidated financial statements.

Analysis of changes in net debt
for the year ended 31 December 2022

	At 1 Jan 2022	Cash flows	Other non-cash changes	At 31 Dec 2022
	£000's	£000's	£000's	£000's
Cash and cash equivalents				
Cash	2,982	444	-	3,426
	2,982	444	-	3,426
Borrowings				
Debt due within one year	-	-	-	-
Debt due after one year	(11,554)	-	(1,799)	(13,353)
Finance leases	(91,200)	3,664	(5,999)	(93,535)
	(102,754)	3,664	(7,798)	(106,888)
Total	(99,772)	4,107	(7,798)	(103,462)

The notes on pages 18 to 27 form part of these consolidated financial statements.

Notes to the financial statements

1 General information

Uliving@Brighton (Holdco) Limited (the “Company”) and its subsidiary undertaking (the “Group”) are limited liability companies incorporated and domiciled in the United Kingdom. The registered address of the Company is Becket House, 1 Lambeth Palace Road, London, United Kingdom, SE1 7EU.

2 Accounting Policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and 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 the directors to exercise judgement in applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The financial statements are presented in Sterling, which is the functional currency of the Group. All values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

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

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements.

The following principal accounting policies adopted by the Group are set out below.

2.2 Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The Directors have prepared cash flow forecasts covering a period of 12 months from the date of approval of these financial statements which indicate that, the Group will have sufficient funds to meet its liabilities as they fall due for that period. However, these forecasts assume that all interest payments due to the shareholders will be deferred until at least November 2024. There is no formal agreement in place with the shareholders for this deferral. The lack of formal agreement in place is a material uncertainty that may cast significant on the Group’s ability to continue as a going concern.

In making this assessment the Directors have considered the impact of The Cost of Living Crisis. The operational phase of the project is in its second academic year and we have now locked into favourable utility energy price contracted rates, this also coincided with an agreed 100% nomination from the University, with an increase in revenue which is RPI linked, and also includes recoveries of the utility energy price contracted rates

The Directors believe the Group has sufficient funding in place and expect the Group to be in compliance with its external debt covenants.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements provided ongoing shareholders support is forthcoming and therefore have prepared the financial statements on a going concern basis.

Notes to the financial statements *(continued)*

2 Accounting Policies *(continued)*

2.3 Revenue and Service Concession Arrangements

Revenue represents income received in the ordinary course of business for services provided and excludes Value Added Tax.

Construction revenue is measured at the fair value of consideration received or receivable and represents the value of construction work-in-progress as construction progresses. Revenue on construction is recognised with 1% margin applied to third party construction costs in recognition of the services provided by the Group.

At the completion stage of the construction phase of the project the asset was be transferred to intangible assets and is accounted for as a Service Concession Arrangements in accordance with section 34 of FRS 102, where it is amortised over the length of the service agreement with the holder of the Head Lease. From that point, when the activities have moved from the construction phase of the project to the operational phase, revenue will represent and rental and associated income.

2.4 Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment.

2.5 Inventories

The Contractor aims to achieve practical completion of the student accommodation in September 2021 and the infrastructure asset is being recognised within current assets as work in progress until practical completion. This includes professional fees and borrowing costs capitalised in accordance with the Group's accounting policy.

Inventories are stated at the lower of cost or net realisable value. Where the estimated realisable value of inventory is lower than cost, an impairment loss is recognised. The value of the work carried out as the project progresses is assessed by independent quantity surveyors acting on behalf of the company who agree the stage of completion and value of work completed with surveyors acting for the main contractor.

2.6 Financial instruments

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Notes to the financial statements *(continued)*

2 Accounting Policies *(continued)*

2.7 *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2.8 *Provisions for liabilities*

A provision is recorded where the Group 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 Group of resources embodying economic benefits that can be measured reliably.

2.9 *Interest and borrowing costs*

Interest and borrowing costs directly attributable to the construction of the infrastructure asset are capitalised as part of the cost of the asset. The commencement of capitalisation begins when both finance costs and expenditure for the asset are being incurred and ceases when substantially all of the activities that are necessary to get the asset ready for use are complete.

2.10 *Taxation*

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:
 - o items generating a tax liability in the future (deferred tax liabilities), arising mainly from income that is liable to tax in future periods; or
 - o 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 to the financial statements (*continued*)

3 Judgements in applying accounting policies 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is reviewed, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

The estimates and assumptions which have significant risk of causing material adjustment to the carrying amount of the assets and liabilities are outlined below:

3.1 Classification of asset

The Group has entered into a Project Agreement with the University of Brighton to design, build, finance and manage student accommodation in Brighton. During the construction phase the accommodation is being recognised within current assets as work in progress.

3.2 Impairment of assets

The asset being constructed by the Group will be transferred to intangible assets upon completion and amortised over the period of the long lease granted to the Group to operate the student accommodation which it has constructed. Judgement is exercised in assessing future profitability and cashflows over the multi decade period covered by the lease to ensure that they are sufficient to meet the Group's debt obligations and that no impairment provision is required against the carrying value of the asset constructed.

3.3 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.

Construction costs capitalised are based on the advice of an independent and reputable quantity surveyor.

3.4 Construction margin

Revenue on construction has been recognised with 1% profitability which relates to the margin achieved by the Group.

3.5 Value of work completed by year end

Judgement is exercised in arriving at the value of construction work completed by the period end. In order to assess this the Group employs the services of an independent quantity surveyor who agrees the stage of completion with surveyors employed by the main contractor.

Notes to the financial statements *(continued)*

4 Revenue

	2022 £000	2021 £000
Construction revenue	-	39,354
Rental revenue	5,794	2,424
Holiday Lets revenue	99	-
Passthrough / Other revenue	18	-
	<u>5,911</u>	<u>41,778</u>

All revenue arose in the United Kingdom.

5 Operating profit

The operating profit is stated after charging:

	2022 £000	2021 £000
Auditor's remuneration	17	14
Amortisation of intangible assets	2,074	692

6 Staff numbers and costs

The Group and Company had no employees. The directors did not receive any remuneration.

7 Interest payable and similar charges

	2022 £000	2021 £000
Senior debt interest payable	5,429	2,172
Shareholder loans interest payable	1,914	1,162
	<u>7,343</u>	<u>3,333</u>

Notes to the financial statements (continued)

8 Taxation

Tax charged in the statement of profit and loss

	2022 £000	2021 £000
Current tax:		
Current tax on (loss)/ profit for the year	0	200
	<hr/>	<hr/>
Total current tax	0	200
	<hr/>	<hr/>
Deferred tax		
Total deferred tax	0	0
	<hr/>	<hr/>
Tax charge in the statement of profit and loss	0	200
	<hr/>	<hr/>

Factors affecting the tax charge for the year

The tax charge for the year is the same as the standard rate of corporation tax in the UK of 19%. The differences are explained below.

	2022 £000	2021 £000
Total income tax reconciliation:		
(Loss)/ profit before tax	(5,974)	1,028
	<hr/>	<hr/>
Tax calculated at UK standard rate of corporation tax of 19%	(1,135)	195
	<hr/>	<hr/>
<i>Effects of:</i>		
Tax effect of expenses that are not deductible in determining taxable profit	1,011	5
	<hr/>	<hr/>
Other movements	124	-
	<hr/>	<hr/>
Total tax charge reported in the statement of profit and loss (see above)	0	200
	<hr/>	<hr/>

Factors that may affect future tax charges

The Chancellor of the Exchequer announced that the corporation tax rate would increase to 25% from 1 April 2023.

Notes to the financial statements *(continued)*

9 Investments

	Company £
Cost	
At 1 January 2022	100
	<hr/>
At 31 December 2022	100
	<hr/> <hr/>

The Group has investments in the following subsidiary:

Name of entity	Address of the registered office	Direct or indirect holding	Activity	Proportion of ordinary shares or ownership
Uliving@Brighton Limited	Becket House, 1 Lambeth Palace Road, London SE1 7EU	Direct	Property developer	100%

10 Intangible asset

	2022 Group £000	2022 Company £000
Cost		
At 1 January 2022	103,033	-
Additions	-	-
	<hr/>	<hr/>
At 31 December 2022	103,033	-
	<hr/>	<hr/>
Amortisation		
Charge for the year for owned assets	2,074	-
	<hr/>	<hr/>
At 31 December 2022	2,074	-
	<hr/>	<hr/>
Net book value		
At 31 December 2022	100,959	-
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*

11 Debtors

	2022 Group £000	2021 Group £000	2022 Company £000	2021 Company £000
Trade Debtors	95	25	-	-
Prepayments and accrued income	1,006	927	-	-
Social security and other taxes	6	91	-	-
	<u>1,107</u>	<u>1,043</u>	<u>-</u>	<u>-</u>

12 Creditors: amounts falling due within one year

	2022 Group £000	2021 Group £000	2022 Company £000	2021 Company £000
Trade creditors	85	923	-	-
Corporation tax	10	38	-	-
Accruals and deferred income	3,145	2,005	-	-
Finance Lease	3,019	1,130	-	-
Social security and other taxes	-	-	-	-
	<u>6,259</u>	<u>4,097</u>	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

13 Creditors: amounts falling due after more than one year

	2022 Group £000	2021 Group £000	2022 Company £000	2021 Company £000
Senior debt loans	90,516	90,070	-	-
Amounts owed to shareholders	13,353	11,554	-	-
	<u>103,869</u>	<u>101,624</u>	<u>-</u>	<u>-</u>

The Company financed construction of the infrastructure asset through a senior debt loan. The total facility is £92,060k. The first drawdown of funds took place on 10 September 2019. The interest rate on borrowings is fixed at 3.05% during the development phase of the infrastructure asset.

Following construction, the debt is classified as a finance lease. The finance lease is repayable over a 50 year period, this consists of quarterly lease payment which increase at LPI (RPI with a collar and cap of 0% - 5%).

Future repayments are as follows

	2022 £000	2021 £000
Within one year	3,019	1,130
In one to five years	13,111	5,989
In over five years	77,405	84,081
	<u>93,535</u>	<u>91,200</u>

Shareholder loans were injected into the Company totalling £8,597k with a fixed interest rate of 8.07% plus an annual indexation. Interest is payable quarterly and is capitalised when not paid on the due date. At 31 December 2022, £4,756k of interest had been capitalised. A further £231k of interest was accrued as at this date. The debt is repayable at 31 august 2071.

	2022 £000	2021 £000
Shareholder loans are repayable as follows		
In over five years	13,353	11,554
	<u>13,353</u>	<u>11,554</u>

14 Called up share capital

	2022 £	2021 £
<i>Authorised, allotted, called up and fully paid</i>	<u> </u>	<u> </u>
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

15 Related party transactions

During the year there was no subordinated loan issued (2021: £nil) from John Laing Investments Limited, a shareholder of Uliving@Brighton (Holdco) Limited. During the year interest was charged on the loan of £1,627k (2021: £987k). The total loan balance for the year ended 31 December 2022 including interest balance is £11,350k (2021: £9,821k).

16 Controlling party

The Company does not have a parent undertaking. The ultimate controlling party of the Company is considered to be John Laing Investments Limited as they hold 85% shares and BY Development Limited holds the remaining 15%.