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**U AND I (INNOVATION HUBS) LIMITED**

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**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2022**

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## U AND I (INNOVATION HUBS) LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

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The Directors for U and I (Innovation Hubs) Limited (the "Company") present their report and the audited financial statements for the year ended 31 March 2022.

#### Directors' responsibilities statement

The Directors are responsible for preparing 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

#### Principal activity, review of the business and future developments

The Company's principal activity is that of investment property. No changes to the Company's principal activity are anticipated in the foreseeable future.

#### Going concern

The Directors have determined that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Land Securities Group PLC. The Directors' going concern assessment covers the period to 31 May 2024 and confirmation has been received that Land Securities Group PLC will support the Company until this date. It is understood that this support will remain in place until revoked and there is no expectation this will occur in the foreseeable future. The Company's ability to meet its future liabilities is therefore dependent on the financial performance, position and liquidity of the Group as a whole. At a Group level, considerations included potential risks and uncertainties in the business, credit, market, property valuation and liquidity risks, including the availability and repayment profile of bank facilities, as well as forecast covenant compliance. Stress testing has been carried out to ensure the Group has sufficient cash resources to continue in operation for the period to 31 May 2024. This stress testing modelled a scenario with materially reduced levels of cash receipts over the next 12 months. Based on these considerations, together with available market information and the Directors' knowledge and experience of the Company, the Directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2022.

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## U AND I (INNOVATION HUBS) LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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#### Results and dividends

The loss for the year, after taxation, amounted to £1,959,580 (2021: £2,389,460).

The Directors do not recommend the payment of a dividend for the year ended 31 March 2022 (2021: £Nil).

#### Directors

The Directors who served during the year and up to the date of this report unless otherwise stated were:

R Upton (resigned 30 April 2022)  
M S Weiner (resigned 31 May 2021)  
M O Shepherd (resigned 19 June 2021)  
J G Christmas (appointed 27 May 2021, resigned 31 March 2022)  
M J Hood (appointed 17 June 2021)  
U and I Director 1 Limited (appointed 5 October 2022)

U and I Director 2 Limited (appointed 5 October 2022)

#### Indemnity

The Company has made qualifying third-party indemnity provisions for the benefit of the respective directors which were in place throughout the year and which remain in place at the date of this report.

#### Small companies exemption

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

#### Strategic report

The Company has taken advantage of the exemption under s414B of the Companies Act 2006 not to prepare a Strategic Report

#### Auditor

The auditors, Ernst & Young LLP, are deemed to be appointed under section 487(2) of the Companies Act 2006.

#### 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 Company'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 Company's auditor is aware of that information.

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**U AND I (INNOVATION HUBS) LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2022**

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

L McCaveny, for and on behalf of U and I Company Secretaries Limited  
Company secretary

Date: 31 May 2023

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF U AND I (INNOVATION HUBS) LIMITED

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### Opinion

We have audited the financial statements of U and I (Innovation Hubs) Limited (the 'company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Balance sheet, the Statement of Changes in Equity and the related notes 1 to 14, 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 FRS 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 March 2022 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 Auditor's 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 UK, including the FRC'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 the period to 31 May 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### 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 this report, we do not express any form of assurance conclusion thereon.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF U AND I (INNOVATION HUBS) LIMITED (CONTINUED)

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### Other information (continued)

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 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### Responsibilities of the directors

As explained more fully in the directors' responsibilities statement set out on page 1, 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.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF U AND I (INNOVATION HUBS) LIMITED (CONTINUED)

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### **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.

### **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 irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax regulations in the United Kingdom, including the UK REIT regulations.
- We understood how the company is complying with those frameworks through enquiry with the company and by identifying the company's policies and procedures regarding compliance with laws and regulations. We also identified those members of the company who have the primary responsibility for ensuring compliance with laws and regulations, and for reporting any known instances of non-compliance to those charged with governance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by reviewing the Land Securities Group risk register and through enquiry with the company's management during the planning and execution phases of the audit. Where the risk was considered to be higher we performed audit procedures to address each identified fraud risk, specifically the risk over valuation of investment properties and revenue recognition, including the timing of the revenue recognition and treatment of lease incentives.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by reviewing the Land Securities Group risk register and through enquiry with the company's management during the planning and execution phases of the audit. Where the risk was considered to be higher we performed audit procedures to address each identified fraud risk, specifically the risk over impairment of investment in a joint venture.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by reviewing the Land Securities Group risk register and through enquiry with the company's management during the planning and execution phases of the audit. Where the risk was considered to be higher we performed audit procedures to address each identified fraud risk, specifically the risk over impairment of amounts due from group undertakings.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF U AND I (INNOVATION HUBS) LIMITED (CONTINUED)

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

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
  - Enquiry of management, and when appropriate, those charged with governance of the company regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;
  - Reading minutes of meetings of those charged with governance;
  - Obtaining direct bank confirmations to vouch the existence of cash balances;
  - Obtaining and reading correspondence from legal and regulatory bodies, including HMRC; and
  - Journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding the business
- In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements with all applicable reporting requirements.

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

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Graeme Downes (Senior statutory auditor)  
For and on behalf of  
Ernst & Young LLP, Statutory Auditor  
London

31 May 2023



**U AND I (INNOVATION HUBS) LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £	2021 £
Turnover	5	57,561	81,085
Cost of sales	6	(662,433)	(1,224,668)
<b>Gross loss</b>		<u>(604,872)</u>	<u>(1,143,583)</u>
Administrative expenses		(3,437)	(40,217)
Write off of receivables	9	(531,667)	-
Loss on revaluation of investment property	8	(819,604)	(1,205,664)
<b>Operating loss</b>		<u>(1,959,580)</u>	<u>(2,389,464)</u>
Interest receivable and similar income		-	4
<b>Loss before tax</b>		<u>(1,959,580)</u>	<u>(2,389,460)</u>
Tax on loss	7	-	-
<b>Loss and total comprehensive loss for the financial year</b>		<u><u>(1,959,580)</u></u>	<u><u>(2,389,460)</u></u>

There were no recognised gains and losses for the year ended 31 March 2022 and the year ended 31 March 2021 other than those included in the Statement of Comprehensive Income.

The notes on pages 11 to 19 form part of these financial statements.

**U AND I (INNOVATION HUBS) LIMITED**  
**REGISTERED NUMBER: 12214178**

**BALANCE SHEET**  
**AS AT 31 MARCH 2022**

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Investment property	8	15,061,071	15,881,154
Trade and other receivables: amounts falling due after more than one year	9	599,011	773,929
		<u>15,660,082</u>	<u>16,655,083</u>
<b>Current assets</b>			
Trade and other receivables: amounts falling due within one year	9	10,132,054	606,383
Cash at bank and in hand		4,855	573
		<u>10,136,909</u>	<u>606,956</u>
Trade and other payables: amounts falling due within one year	10	(19,867,865)	(19,373,332)
<b>Net current liabilities</b>		<u>(9,730,956)</u>	<u>(18,766,376)</u>
<b>Total assets less current liabilities</b>		5,929,126	(2,111,293)
<b>Net assets/(liabilities)</b>		<u><u>5,929,126</u></u>	<u><u>(2,111,293)</u></u>
<b>Capital and reserves</b>			
Share capital	11	10,000,000	1
Retained losses		(4,070,874)	(2,111,294)
<b>Total equity</b>		<u><u>5,929,126</u></u>	<u><u>(2,111,293)</u></u>

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

C Lund, for and on behalf of U and I Director 2 Limited  
Director

Date: 31 May 2023

The notes on pages 11 to 19 form part of these financial statements.

**U AND I (INNOVATION HUBS) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2022**

	Share capital £	Retained losses £	Total equity £
<b>At 1 April 2021</b>	1	278,166	278,167
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(2,389,460)	(2,389,460)
<b>Total comprehensive loss for the year</b>	-	(2,389,460)	(2,389,460)
<b>At 31 March 2021</b>	1	(2,111,294)	(2,111,293)
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(1,959,580)	(1,959,580)
<b>Total comprehensive loss for the year</b>	-	(1,959,580)	(1,959,580)
Shares issued during the year	9,999,999	-	9,999,999
<b>At 31 March 2022</b>	<u>10,000,000</u>	<u>(4,070,874)</u>	<u>5,929,126</u>

The notes on pages 11 to 19 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022

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**1. General information**

U and I (Innovation Hubs) Limited is a private company limited company and is incorporated, domiciled and registered in England and Wales (Registered number: 12214178). The nature of the Company's operations is set out in the Directors' Report on page 1. The address of its registered office is 100 Victoria Street, London, SW1E 5JL, United Kingdom.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ('FRS 102') and the Companies Act 2006. The financial statements are prepared under the historical cost convention.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 March 2022. The financial statements are prepared in Pounds Sterling (£).

The Company is part of the overall Land Securities PLC Security Group and as such the Group's borrowings are secured on the fixed and floating pool of assets of the Security Group.

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7 and 33.9.

This information and results of the Company are included in the consolidated financial statements of Land Securities PLC as at 31 March 2022 and these financial statements may be obtained from its registered office at 100 Victoria Street, London, SW1E 5JL, United Kingdom.

**2.3 Going concern**

The Directors have determined that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Land Securities Group PLC. The Directors' going concern assessment covers the period to 31 May 2024 and confirmation has been received that Land Securities Group PLC will support the Company until this date. It is understood that this support will remain in place until revoked and there is no expectation this will occur in the foreseeable future. The Company's ability to meet its future liabilities is therefore dependent on the financial performance, position and liquidity of the Group as a whole. At a Group level, considerations included potential risks and uncertainties in the business, credit, market, property valuation and liquidity risks, including the availability and repayment profile of bank facilities, as well as forecast covenant compliance. Stress testing has been carried out to ensure the Group has sufficient cash resources to continue in operation for the period to 31 May 2024. This stress testing modelled a scenario with materially reduced levels of cash receipts over the next 12 months. Based on these considerations, together with available market information and the Directors' knowledge and experience of the Company, the Directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022

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**2. Accounting policies (continued)**

**2.4 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

Turnover for the period comprises of rental income and other property related income. Rental income recognised on an accrued straight-line basis over the term of the lease when the income has been earned. Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at inception of the lease, the Directors are reasonably certain that the tenant will exercise that option. Lease incentives are usually in the form of rent-free periods or capital contributions.

**2.5 Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

**2.6 Cost of sales**

Cost of sales is determined by applying the disposal value of the residential units as a proportion of the target disposal value of the entire scheme to the total estimated final development cost and is recognised in the statement of comprehensive income upon sale.

**2.7 Trade and other receivables**

Trade and other receivables are recognised initially at fair value, subsequently at amortised cost and, where relevant, adjusted for the time value of money. The Company assesses on a forward looking basis, the expected credit losses associated with its trade receivables. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the receivable. If collection is expected in more than one year, the balance is presented within noncurrent assets.

In determining the expected credit losses, the Company takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements and market expectations and trends in the wider macroeconomic environment in which our customers operate.

Trade and other receivables are written off once all avenues to recover the balances are exhausted and the lease has ended. Receivables written off are no longer subject to any enforcement activity.

**2.8 Cash in bank and in hand**

Cash and cash equivalents comprise cash balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or fewer

**2.9 Share capital**

Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022

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**2. Accounting policies (continued)**

**2.10 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**2.11 Income taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years. Deferred tax is provided in full using the Balance Sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised, or the liability is settled.

No provision is made for temporary differences (i) arising on the initial recognition of assets or liabilities, other than on a business combination, that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

**2.12 Investment property**

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

**2.13 Amounts owed to Group undertakings**

Amounts owed to Group undertakings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, amounts owed to Group undertakings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the Statement of Comprehensive Income over the period of the loan, using the effective interest method.

**2.14 Amounts owed by group undertakings**

Amounts due from Group undertakings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, amounts due from Group undertakings are stated at amortised cost and, where relevant, adjusted for the time value of money. The Company assesses on a forward-looking basis, the expected credit losses associated with its amounts due from Group undertakings. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the amounts due. If collection is expected in more than one year, the balance is presented within non-current assets.

In determining the expected credit losses, the Company takes into account any future expectations of likely default events based on the level of capitalisation of the counterparty, which is a fellow subsidiary undertaking of Land Securities Group PLC.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022

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**2. Accounting policies (continued)**

**2.15 Trade and other payables**

Trade and other payables with no stated interest rate and payable within one year are recorded at transaction price. Trade and other payables after one year are discounted based on the amortised cost method using the effective interest rate.

**2.16 Changes in accounting policies and standards**

The accounting policies used in these financial statements have been amended where relevant to reflect the adoption of new standards, amendments and interpretations which became effective in the year. There have been no new accounting standards, amendments or interpretations during the year that have a material impact on the financial statements of the Company.

**3. Significant accounting judgements and estimates**

The Company's significant accounting policies are stated in note 1 above. Not all of these significant accounting policies require management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements. These estimates involve assumptions or judgements in respect of future events. Actual results may differ from these estimates.

**Trade debtors**

The Company is required to judge when there is sufficient objective evidence to require the impairment of individual trade receivables. It does this by assessing on a forward-looking basis, the expected credit losses associated with its trade receivables. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the receivable. In determining the expected credit losses, the Company takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements, likely deferrals of payments due, rent concessions and market expectations and trends in the wider macro-economic environment in which our customers operate. These assessments are made on a customer by customer basis.

The Company's assessment of expected credit losses is inherently subjective due to the forward-looking nature of the assessments, in particular, the assessment of expected insolvency filings or company voluntary arrangements, likely deferrals of payments due and rent concessions. As a result, the value of the provisions for impairment of the Company's trade receivables are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate.

**Investment property**

The Company uses the valuation performed by its external valuer, CBRE Limited, as the fair value of its investment properties.

The valuation of investment properties is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental revenues from that particular property. As a result, the valuations the Company places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the property market. The assumptions upon which CBRE Limited has based its valuation of the Company's properties as at 31 March 2022 include, but are not limited to, matters such as the tenure and tenancy details for the properties, ground conditions at the properties, the structural condition of the properties, prevailing market yields and comparable market transactions. These assumptions are market standard and accord with the Royal Institution of Chartered

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022

3. **Judgments in applying accounting policies (continued)**

Surveyors (RICS) Valuation – Professional Standards UK. However, if any assumptions made by the external valuer prove to be inaccurate, this may mean that the value of the Company's properties differs from their valuation, which could have a material effect on the Company's financial condition.

**Amounts due from group undertakings**

The Company is required to estimate the impairment of amounts due from Group undertakings. It does this by assessing on a forward-looking basis, the expected credit losses associated with its amounts due from Group undertakings. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the amounts due. In determining the expected credit losses, the Company takes into account any future expectations of likely default events based on the level of capitalisation of the counterparty, which is a fellow subsidiary undertaking of Land Securities Group PLC.

4. **Management and administrative expenses**

**(a) Management services**

The Company had no employees during the year (2021: none). Management services were provided to the Company throughout the year by U and I Group Limited (formerly U and I Group PLC), a fellow subsidiary undertaking, charges for which amount to £3,432 (2021: £21,650).

**(b) Directors' remuneration**

The Company's directors' emoluments are borne by U and I Group Limited (formerly U and I Group PLC). The Directors of the Company, who as key management personnel of the Company, received no emoluments from U and I Group Limited (formerly U and I Group PLC) for their services to the Company.

**(c) Auditor remuneration**

The Company's auditor's remuneration is borne by LS Development Holdings Limited. The proportion of the remuneration which relates to the Company amounts to £8,595 (2021: £4,000). No non-audit services were provided to the Company during the year (2021: £nil).

5. **Turnover**

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

	2022 £	2021 £
Rent receivable	46,251	67,626
License fees	11,310	13,459
	<u>57,561</u>	<u>81,085</u>

All turnover arose within the United Kingdom.



**U AND I (INNOVATION HUBS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

**6. Cost of sales**

Within cost of sales is property related expenditure of £662,433 (2021: £1,224,668) incurred in the operation and management of the investment properties.

**7. Tax on loss**

	<b>2022</b>	2021
	<b>£</b>	<b>£</b>
Current tax on losses for the year	-	-
<b>Total income tax charge in the Statement of Comprehensive Income</b>	<b>-</b>	<b>-</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	<b>2022</b>	2021
	<b>£</b>	<b>£</b>
Loss before tax	<u>(1,959,580)</u>	<u>(2,389,460)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(372,320)	(453,997)
<b>Effects of:</b>		
Revaluation deficit of investment property	155,724	229,076
Group relief surrendered	-	224,921
Losses not provided for	216,596	-
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

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U AND I (INNOVATION HUBS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022

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7. Tax on loss (continued)

Factors that may affect future tax charges

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023. Any deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

The following balances relate to the total deferred tax asset not recognised as losses carried forward:

	2022 £	2021 £
Notional capital losses	-	229,076
Losses not provided for	162,446	-
	<u>162,446</u>	<u>229,076</u>

8. Investment property

	Long term leasehold investment property £
<b>Valuation</b>	
At 1 April 2021	15,881,154
Reduction in initial acquisition costs	(479)
Deficit on revaluation	(819,604)
<b>At 31 March 2022</b>	<u>15,061,071</u>

The long term leasehold investment properties has been valued at 31 March 2022 by CBRE Limited, Chartered Surveyors, on an open market value for existing use basis in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors.

Within the year the Company received a credit note for stamp duty fees paid in the acquisition of the investment property in Sheffield.

**U AND I (INNOVATION HUBS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**9. Trade and other receivables**

	<b>2022</b>	2021
	<b>£</b>	£
<b>Due after more than one year</b>		
Other debtors	<u>599,011</u>	<u>773,929</u>

Other debtors represents rent free incentives given to tenants that are amortised evenly over the length of the tenants lease.

	<b>2022</b>	2021
	<b>£</b>	£
<b>Due within one year</b>		
Trade debtors	27,707	55,325
Amounts owed by group undertakings	9,999,999	-
Other debtors	72,269	216,583
Prepayments and accrued income	23,841	241,742
Tax recoverable	8,238	92,733
	<u>10,132,054</u>	<u>606,383</u>

The unsecured amounts owed by group undertakings are interest free, unsecured, repayable on demand and with no fixed repayment date.

The company has provided £18,055 (2021: £28,275) against trade debtors where recovery is considered doubtful. Apart from the receivables that have been provided for at the year end, there is no further material expected credit loss. The maximum exposure to credit risk at the reporting date is the carrying value of the receivable.

Other debtors balances due within one year and due after more than one year at 31 March 2021 contained deferred expenditure in relation to success fees paid to a joint venture totalling £531,667. The balance was not considered recoverable and subsequently has been released in full to the Statement of Comprehensive Income in the year.

**10. Trade and other payables**

	<b>2022</b>	2021
	<b>£</b>	£
Trade creditors	6,490	575
Amounts owed to group undertakings	19,763,200	19,255,504
Accruals and deferred income	98,175	117,253
	<u>19,867,865</u>	<u>19,373,332</u>

The unsecured amounts owed to group undertakings are interest free, unsecured, repayable on demand and with no fixed repayment date.

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**U AND I (INNOVATION HUBS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**11. Share capital**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
10,000,000 (2021: 1) ordinary shares of £1.00 each	<u>10,000,000</u>	<u>1</u>

During the year, the issued share capital of the Company was increased by the issuance of 9,999,999 ordinary shares of £1 each to U and I Plus X TC Limited. The new shares carry the same rights as the existing issued share capital.

**12. Commitments under operating leases**

At 31 March, the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	44,534	57,619
Later than 1 year and not later than 5 years	148,000	153,863
Later than 5 years	100,513	137,513
	<u>293,047</u>	<u>348,995</u>

**13. Controlling party**

The immediate parent company is U and I Plus X TC Limited.

On 14 December 2021, LS Development Holdings Limited acquired 100% of the share capital in U and I Group Limited (formerly U and I Group PLC). With effect from this date and as at 31 March 2022, the ultimate parent company and controlling party of U and I (Innovation Hubs) Limited was Land Securities Group PLC. This is the largest parent company of the Group to consolidate these financial statements.

Consolidated financial statements for the year ended 31 March 2022 for Land Securities Group PLC can be obtained from the Company Secretary, at the registered office of the ultimate parent company, 100 Victoria Street, London, SW1E 5JL and from the Group website at [www.landsec.com](http://www.landsec.com). This is the largest and smallest Group to include these accounts in its consolidated financial statements.

All companies are incorporated in Great Britain and registered in England and Wales.

**14. Post balance sheet events**

Subsequent to the year end, the Company sold 27-57 King Street, Sheffield to CJS11 Limited for £340,000.



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