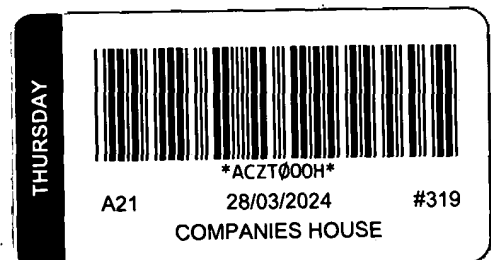


U AND I IPA LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023



U AND I IPA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors of U and I IPA Limited (the 'Company') present their report and the audited financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the audited 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 audited financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the audited 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 audited 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 has continued its business of property investment in the United Kingdom. No changes in 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 (together with its subsidiaries referred to as the 'Group'). The directors' going concern assessment covers the period to 28 February 2025 and confirmation has been received that Land Securities Group PLC will support the Company until this date, so long as the Company remains a subsidiary of Land Securities Group PLC. If the Company was sold within the next 12 months from 29 February 2024, confirmation has been received that Land Securities Group PLC would ensure the Company remains in a position to continue as a going concern at the point of sale. 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 the 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 28 February 2025. 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 2023.

Results for the year and dividend

The results are set out in the Statement of Comprehensive Income on page 6.

The directors do not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: £Nil).

Directors

The directors who held office during the year and up to the date of this report unless otherwise stated were:

M J Hood
U and I Director 1 Limited (appointed 5 October 2022)
U and I Director 2 Limited (appointed 5 October 2022)
R Upton (resigned 30 April 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.

U AND I IPA LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Small companies exemption

The Directors' Report has been prepared in accordance with the special provisions relating to small companies within Part 15 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.

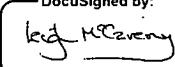
Statement of disclosure of information to auditor

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.

Registered Office
100 Victoria Street
London
SW1E 5JL

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

DocuSigned by:

9F231A7103F34C4...

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

Date: February 15, 2024

Registered and domiciled in England and Wales
Registered number: 12795817

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF U AND I IPA LIMITED

Opinion

We have audited the financial statements of U and I IPA Limited (the 'Company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17, 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 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2023 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 below. 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 a period to 28 February 2025.

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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of 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.

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

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 prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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.

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 101 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, impairment of amounts due from group undertakings, investments in subsidiary undertakings, and trade and other receivables.
- 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 the meetings of those charged with governance;
 - 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 of the business.

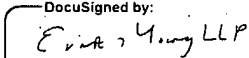
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF U AND I IPA 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.

DocuSigned by:



888EBFF3441A9D9
Graeme Downes (Senior statutory auditor)

For and on behalf of
Ernst & Young LLP, Statutory Auditor

London

20 February 2024

U AND I IPA LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £000	2022 £000
Revenue	4	998	2,155
Costs - Direct property or contract expenditure	4	(179)	(247)
Gross profit		819	1,908
Property management and administrative expenses	5	-	(129)
Profit on disposal of investment properties	8	629	958
Net (deficit)/surplus on revaluation of investment properties	8	(1,301)	229
Impairment of investments in subsidiary undertakings	9	(3,580)	(12,705)
Operating loss		(3,433)	(9,739)
Interest income	6	228	1
Interest expense	6	(39)	(19,288)
Loss before tax		(3,244)	(29,026)
Taxation	7	(43)	-
Loss and total comprehensive loss for the financial year		(3,287)	(29,026)

There were no recognised gains and losses for 2023 or 2022 other than those included in the Statement of Comprehensive Income.

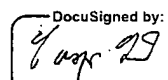
All amounts are derived from continuing activities.

U AND I IPA LIMITED
REGISTERED NUMBER: 12795817

BALANCE SHEET
AS AT 31 MARCH 2023

	Notes	2023 £000	2022 £000
Non-current assets			
Investment properties	8	9,182	15,725
Investment in subsidiary undertakings	9	14,632	18,213
Trade and other receivables	10	-	444
		<u>23,814</u>	<u>34,382</u>
Current assets			
Trade and other receivables	10	725	14,622
Amounts due from Group undertakings	11	-	5,000
Cash and cash equivalents	12	-	33
		<u>725</u>	<u>19,655</u>
Current liabilities			
Trade and other payables	13	(181)	(817)
Amount owed to Group undertakings	14	(42,024)	(67,599)
		<u>(42,205)</u>	<u>(68,416)</u>
Net liabilities		<u>(17,666)</u>	<u>(14,379)</u>
Capital and reserves			
Share capital	15	5,000	5,000
Share premium		13,284	13,284
Retained losses		(35,950)	(32,663)
Total deficit		<u>(17,666)</u>	<u>(14,379)</u>

The financial statements on pages 6 to 19 were approved by the Board of Directors and were signed on its behalf by:

DocuSigned by:


A916F064348E4F6
C Lund, for and on behalf of U and I Director 1 Limited
Director

Date: February 15, 2024

U AND I IPA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Share capital £000	Share premium £000	Retained losses £000	Total deficit £000
At 1 April 2021	-	9,997	(3,637)	6,360
Total comprehensive loss for the financial year	-	-	(29,026)	(29,026)
Transactions with shareholders				
Shares issued during the year	5,000	3,287	-	8,287
At 31 March 2022	5,000	13,284	(32,663)	(14,379)
Total comprehensive loss for the financial year	-	-	(3,287)	(3,287)
At 31 March 2023	5,000	13,284	(35,950)	(17,666)

U AND I IPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies

1.1 Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The financial statements are prepared under the historical cost convention modified to include the revaluation of investment properties.

During the year, the Company changed its reporting framework from Financial Reporting Standard 102 ('FRS 102' The Financial Reporting Standard applicable in the UK and Republic of Ireland to Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') in order to align with accounting framework of its ultimate parent company Land Securities Group PLC. Refer to Note 2 - Changes in accounting policies for further information.

U and I IPA Limited (the 'Company') is a private company limited by shares and is incorporated, domiciled and registered in England and Wales (Registered number: 12795817). The nature of the Company's operations is set out in the Directors' Report on page 1. The results of the Company are included in the consolidated financial statements of Land Securities Group PLC which are available from the Company's registered office at 100 Victoria Street, London, SW1E 5JL.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2023. The financial statements are prepared in Pounds Sterling (£) and are rounded to the nearest thousand pounds (£000) unless otherwise stated.

1.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets; and
 - paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The equivalent disclosures relating to IFRS 7, IFRS 13 and IAS 36 are included in the consolidated financial statements of Land Securities Group PLC, in which the entity is consolidated.

U AND I IPA LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023****1. Accounting policies (continued)****1.3 Investment properties**

Investment properties are properties, either owned or leased by the Company, that are held either to earn rental income or for capital appreciation, or both. Investment properties are measured initially at cost including related transaction costs, and subsequently at fair value. Fair value is based on market value, as determined by a professional external valuer at each reporting date. The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement is included in the Statement of Comprehensive Income as a valuation surplus or deficit. Investment properties are presented on the Balance Sheet within non-current assets.

Properties are treated as acquired when the Company assumes control of the property. Capital expenditure on properties consists of costs of a capital nature, including costs associated with developments and refurbishments. Where a property is being developed or undergoing major refurbishment, interest costs associated with direct expenditure on the property are capitalised. The interest capitalised is calculated using the Company's weighted average cost of borrowings. Interest is capitalised from the commencement of the development work until the date of practical completion. Certain internal staff and associated costs directly attributable to the management of major schemes are also capitalised. The total staff and associated costs are capitalised based on the proportion of time spent on the relevant scheme. Internal staff costs are capitalised from the date it is determined to be probable that the development will progress until the date of practical completion.

When the Company begins to redevelop an existing investment property for continued future use as an investment property, the property continues to be held as an investment property. When the Company begins to redevelop an existing investment property with a view to sell, the property is transferred to trading properties and held as a current asset. The property is re-measured to fair value as at the date of the transfer with any gain or loss being taken to the Statement of Comprehensive Income. The re-measured amount becomes the deemed cost at which the property is then carried in trading properties.

Properties are treated as disposed when control of the property is transferred to the buyer. Typically, this will either occur on unconditional exchange or on completion. Where completion is expected to occur significantly after exchange, or where the Company continues to have significant outstanding obligations after exchange, the control will not usually transfer to the buyer until completion.

The profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the beginning of the accounting period plus capital expenditure to the date of disposal. The profit on disposal of investment properties is presented separately on the face of the Statement of Comprehensive Income.

1.4 Investment in subsidiary undertakings

Investment in a subsidiary undertakings are stated at cost, less any repayment of capital and provision for impairment in value (see 1.12).

1.5 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 non-current 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 macro-economic environment in which our customers operate. Where a concession is agreed with a customer after the due date for the rent, this amount is recognised as an impairment of the related trade receivable.

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.

1.6 Cash and cash equivalents

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

1.7 Provisions

A provision is recognised in the Balance Sheet when the Company has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where relevant, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.8 Share capital

Ordinary shares are classified as equity.

U AND I IPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

1.9 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 (together with its subsidiaries referred to as the 'Group'). The directors' going concern assessment covers the period to 28 February 2025 and confirmation has been received that Land Securities Group PLC will support the Company until this date, so long as the Company remains a subsidiary of Land Securities Group PLC. If the Company was sold within the next 12 months from 29 February 2024, confirmation has been received that Land Securities Group PLC would ensure the Company remains in a position to continue as a going concern at the point of sale. 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 the 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 28 February 2025. 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 2023.

1.10 Revenue

Rental income, including fixed rental uplifts, is recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives being offered to occupiers to enter into a lease, such as an initial rent-free period or a cash contribution to fit out or similar costs, are an integral part of the net consideration for the use of the property and are therefore recognised on the same straight-line basis. Where the total consideration due under a lease is modified, for example, where a concession is granted to a tenant prior to the date the conceded rent falls due, the revised total amount due under the lease is recognised on a straight-line basis over the remaining term of the lease.

Contingent rents, being lease payments that are not fixed at the inception of a lease, for example turnover rents, are variable consideration and are recorded as income in the year in which they are earned. Where a single payment is received from a tenant to cover both rent and service charge, the service charge component is separated and reported as service charge income.

The Company's revenue from contracts with customers, as defined in IFRS 15, includes service charge income and other property related income.

Service charge income and management fees are recorded as income over time in the year in which the services are rendered. Revenue is recognised over time because the tenants benefit from the services as soon as they are rendered by the Company. The actual service provided during each reporting period is determined using cost incurred as the input method.

Other property related income includes development and asset management fees. These fees are recognised over time, using time elapsed as the input method which measures the benefit simultaneously received and consumed by the customer, over the period the development or asset management services are provided.

Proceeds received on the sale of trading properties are recognised within Revenue, and the carrying value at the date of disposal is recognised within costs. Proceeds received on the sale of trading properties are recognised when control of the property transfers to the buyer, i.e. the buyer has the ability to direct the use of the property and the right to the cash inflows and outflows generated by it. This generally occurs on unconditional exchange or on completion. If completion is expected to occur significantly after exchange or if the Company has significant outstanding obligations between exchange and completion, the Company assesses whether there are multiple performance obligations in the contract and recognises revenue as each performance obligation is satisfied.

1.11 Expenses

Property and contract expenditure is expensed as incurred.

1.12 Impairment

The carrying amounts of the Company's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised in the Statement of Comprehensive Income whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. The value in use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount that would have been determined, net of applicable depreciation, if no impairment loss had been recognised.

U AND IPA LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023****1. Accounting policies (continued)****1.13 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.

1.14 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company is lessor

Operating lease – properties leased out to tenants under operating leases are included in investment properties in the Balance Sheet.

Lease income is recognised over the period of the lease, reflecting a constant rate of return. Where only the buildings element of a property lease is classified as a finance lease, the land element is shown within operating leases.

1.15 Intercompany loans**Amounts due from 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.

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.

1.16 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.

1.17 Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

2. Changes in accounting policies and standards

The Company presents its financial statements in accordance with FRS 101 for the financial year ended 31 March 2023 for the first time. For periods up to and including the year ended 31 March 2022, the Company prepared its financial statements in accordance with FRS 102. The date of transition to FRS 101 was 1 April 2021. Accordingly, the Company has prepared financial statements that comply with FRS 101 applicable as at 31 March 2023, together with the comparative period data for the year ended 31 March 2022, as described in the summary of significant accounting policies. The Company assessed the impact of this change and concluded that there are no associated material implications of this change in accounting policies and therefore no third balance sheet as of 1 April 2021 has been presented in these financial statements.

Amendments to accounting standards

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the Company, none of which are expected to have a material impact on the financial statements of the Company.

U AND I IPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 judgements involve assumptions or estimates in respect of future events. Actual results may differ from these estimates.

Judgements

(a) Acquisitions and disposal of properties

Property transactions can be complex in nature and material to the financial statements. To determine when an acquisition or disposal should be recognised, management consider whether the Company assumes or relinquishes control of the property, and the point at which this is obtained or relinquished. Consideration is given to the terms of the acquisition or disposal contracts and any conditions that must be satisfied before the contract is fulfilled. In the case of an acquisition, management must also consider whether the transaction represents an asset acquisition or business combination.

Estimates

(a) Investment property valuation

The valuation of the Company's property portfolio has been undertaken by independent valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards and UK Supplement (together the "Red Book"). Real estate by its nature is a complex asset class with value determined by a range of factors overlaid by interpretation and judgemental assessment of market data; as such it is classified as 'Level 3 asset' within IFRS. Factors affecting valuation are on an individual property level and include the property type, location, tenure and tenancy characteristics, quality of the asset and prospects for future rental revenue.

The Company's investment property valuation has been undertaken by valuers interpreting market evidence as available in reaching their conclusions on Fair Value, reflecting asset specific data provided by Management, making assumptions that tenure, tenancies, town planning and condition of buildings are as provided. 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 volume in the property market.

If the assumptions upon which the external valuer has based its valuations prove to be inaccurate, this may have an impact on the value of the Company's investment and trading properties, which could in turn have an effect on the Company's financial position and results.

(b) Trade and other receivables

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.

(c) 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. 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.

(d) Impairment of investment in subsidiary undertakings

The Company is required to judge when there is sufficient objective evidence to require the impairment of investments in subsidiaries. It does this by assessing the net asset value of each subsidiary undertaking as at year end. A provision for impairment is made if the net asset value of the subsidiary undertaking is lower than the carrying amount of the investment recorded by the Company.

U AND I IPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

4. Revenue and costs

	2023 £000	2022 £000
Rental income (excluding lease incentives)	1,029	2,154
Adjustment for lease incentives	(31)	-
Rental income	998	2,154
Other property related income	-	1
	998	2,155
Costs		
Direct property or contract expenditure	(179)	(247)
Gross profit	819	1,908

Direct property or contract expenditure are costs incurred in the direct maintenance and upkeep of investment properties. Void costs, which include costs relating to empty properties pending redevelopment and refurbishment, costs of investigating potential development schemes which do not proceed, and costs in respect of housekeepers and outside staff directly responsible for property services, are also included.

5. Property management and administrative expenses

Property management and administrative expenses consist of all costs of managing the property, together with the costs of rent reviews and renewals, re-lettings of the property and management services as explained in note (a) below. No staff costs or overheads are capitalised.

(a) Management services

The Company had no employees during the year (2022: None). Management services were provided to the Company throughout the year by Land Securities Properties Limited (2022: U and I Group Limited), a fellow subsidiary undertaking, charges for which amount to £Nil (2022: £129,000).

(b) Directors' remuneration

The Group's directors' emoluments are borne by Land Securities Properties Limited (2022: U and I Group Limited). The directors of the Company received no emoluments from Land Securities Properties Limited for their services to the Company (2022: £Nil).

(c) Auditor remuneration

The Group auditor's remuneration is borne by Land Securities Properties Limited (2022: LS Development Holdings Limited). The proportion of the remuneration which relates to the Company amounts to £9,632 (2022: £8,595). No non-audit services were provided to the Company during the year (2022: None).

U AND IPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

6. Net interest income/(expense)

	2023 £000	2022 £000
Interest expense		
Other interest payable	(39)	(19,288)
	<u>(39)</u>	<u>(19,288)</u>
Interest income		
Other interest receivable	-	1
Interest on amounts due from Group undertakings	228	-
	<u>228</u>	<u>-</u>
Interest expense	<u>189</u>	<u>(19,287)</u>

Included within other interest payable is an amount of £39,000 (2022: £15,505,000) relating to early repayment charge of prior loan facility.

7. Income tax

	2023 £000	2022 £000
Income tax on loss for the year	43	-
Total income tax on loss in the Statement of Comprehensive Income	<u>43</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022: higher than) the standard rate of corporation tax in the UK of 19% (2022: 19%) as set out below:

	2023 £000	2022 £000
Loss before tax	(3,244)	(29,026)
Loss before tax multiplied by UK corporation tax rate	(616)	(5,515)
Effects of:		
Impairment against investment in subsidiary undertakings	722	2,414
Exempt property rental losses in the year	(190)	-
Exempt property revaluation losses	247	-
Profit on disposal of investment properties	(120)	(182)
Net deficit/(surplus) on revaluation of investment properties	-	(44)
Loss not provided for	-	3,191
Other differences leading to an increase in the tax charge	-	136
Total tax charge in the Statement of Comprehensive Income (as above)	<u>43</u>	<u>-</u>

Land Securities Group PLC is a Real Estate Investment Trust (REIT). As a result, the Company does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Company continue to be subject to corporation tax as normal.

U AND I IPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

8. Investment properties

	2023 £000	2022 £000
Net book value at the beginning of the year	15,725	23,254
Additions	158	4,227
Disposals	(5,400)	(11,985)
Net (deficit)/surplus on revaluation of investment properties	(1,301)	229
Net book value at 31 March	9,182	15,725

The market value of the Company's investment property, as determined by the Company's external valuers, differs from the netbook value presented in the balance sheet due to the Company presenting lease incentives separately. The following table reconciles the net book value of the investment property to the market value.

	2023 £000	2022 £000
Market value	9,600	16,210
Less: tenant lease incentives	(418)	(485)
Net book value at 31 March	9,182	15,725

At 31 March 2023, proceeds of **£6,650,000** (2022: £14,000,000) were received relating to an investment property disposal, which generated a profit on disposal of **£629,000** (2022: £958,000).

The historical cost of the investment properties is **£12,260,000** (2022: £17,504,000). The difference between the carrying amount and historical cost is a deficit of **£3,078,000** (2022: £1,779,000). The valuations are prepared by JLL, external valuers, in accordance with RICS valuation standards.

9. Investment in subsidiary undertakings

	2023 £000	2022 £000
At the beginning of the financial year	18,213	12,130
Acquisitions	-	18,788
Impairment	(3,581)	(12,705)
At 31 March	14,632	18,213

The total cost of investment in subsidiary undertakings is **£30,918,000** (2022: £30,918,000). The total provision for impairment of investment in subsidiary undertakings is **£14,632,000** (2022: £12,705,000).

The directors believe that the carrying value of the investment is supported by the fair value of the net assets of the subsidiary undertakings. The subsidiary undertakings of the Company are:

Name	Class of shares owed	Holding Percentage	Principal Country of Incorporation	Nature of Business
The Deptford Project Limited	£1 Ordinary shares	100%	England and Wales	Property investment
U and I IPA SC Limited	£1 Ordinary shares	100%	England and Wales	Property investment
Glowrace Limited	£1 Ordinary shares	50%	England and Wales	Property investment
U and I IPB Limited	£1 Ordinary shares	100%	England and Wales	Property investment

The subsidiary undertaking is registered at 100 Victoria Street, London, SW1E 5JL.

U AND IPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

10. Trade and other receivables

	2023 £000	2022 £000
Trade receivables	341	752
Less: allowance for doubtful accounts	(73)	(73)
Total current trade receivables	268	679
Other receivables	25	13,922
Accrued income	270	-
Prepayments	162	9
Current tax assets	-	12
Total current trade and other receivables	725	14,622
Other receivables	-	444
Total trade and other receivables	725	15,066

The Company has provided £Nil (2022: £20,535) against trade receivables where recovery is considered doubtful. Apart from 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 receivables.

In the prior year, other receivables included an amount of £13,734,691 due from the sale of Company's investment property in Clacton-on-Sea (note 8). The amount was received in full on 5 April 2022.

11. Amounts due from Group undertakings

	2023 £000	2022 £000
Amounts due from Group undertakings - fellow subsidiary	-	5,000
Total amounts due from Group undertakings	-	5,000

The unsecured amounts due from Group undertakings are repayable on demand with no fixed repayment date. Interest is charged at 4.3% per annum (2022: Nil).

12. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	-	33
Total cash and cash equivalents	-	33

U AND J IPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Trade and other payables

	2023 £000	2022 £000
Trade and other payables	1	7
Other payables	-	180
Accruals	60	303
Deferred income	53	219
Current tax liabilities	43	-
Social security and other taxes	24	108
Total trade and other payables	181	817

Deferred income principally relates to rents received in advance.

14. Amounts owed to Group undertakings

	2023 £000	2022 £000
Amounts owed to Group undertakings - fellow subsidiary	42,024	67,599
Total amounts owed to Group undertakings	42,024	67,599

The unsecured amounts due to Group undertakings are interest free and repayable on demand with no fixed repayment date.

15. Share capital

	Authorised and issued		Allotted and fully paid	
	2023 Number	2022 Number	2023 £	2022 £
Ordinary shares of £1.00 each	5,000,001	5,000,001	5,000,001	5,000,001
	5,000,001	5,000,001	5,000,001	5,000,001

16. Operating lease arrangements

The Company earned rental income by leasing its investment properties to tenants under non-cancellable operating leases.

At 31 March, the Company had contracted with tenants to receive the following future minimum lease payments:

	2023 £000	2022 £000
Not later than one year	1,003	1,288
Later than one year but not later than two years	947	1,297
Later than two years but not more than three years	831	1,231
Later than three years but not more than four years	698	1,020
Later than four years but not more than five years	657	988
More than five years	619	8,646
	4,755	14,470

U AND I IPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

17. Parent company

The immediate parent company is U and I Investment Portfolio Limited.

The ultimate parent company and controlling party at 31 March 2023 was Land Securities Group PLC, which is registered in England and Wales. This is the largest parent company of the Group to consolidate these financial statements.

Consolidated financial statements for the year ended 31 March 2023 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. This is the largest and smallest Group to include these accounts in its consolidated financial statements.