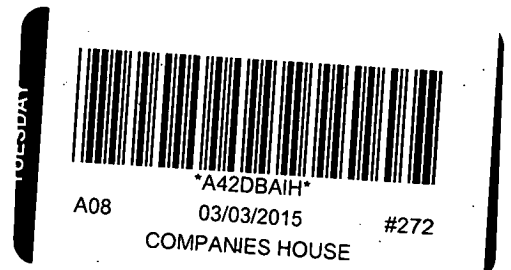


**UPP Group Limited
Report and financial statements**

For the year ended 31 August 2014



UPP Group Limited

Report and financial statements

for the year ended 31 August 2014

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Directors and advisors

Directors

S O'Shea
G Behr
J Benkel
D Palmer
J Wakeford
E Lydon
S Bailey Watts
P Marshall
L Fitzsimons

Secretary

J Benkel

Auditor

Grant Thornton UK LLP
Grant Thornton House
202 Silbury Boulevard
Central Milton Keynes
Buckinghamshire
MK9 1LW

Registered office

40 Gracechurch Street
London
EC3V 0BT

UPP Group Limited

Directors' report

for the year ended 31 August 2014



The directors present their report and financial statements for the year ended 31 August 2014.

Principal activities of the business

The company's principal activities are that of an investment holding company and the provision of treasury management facilities. The principal activity of its subsidiary undertakings is the development, funding, construction and operation (including facilities management) of student accommodation under the University Partnerships Programme ('UPP').

Dividend

The directors paid a dividend of £11,217,000 during the year (2013: £Nil).

Directors and their interests

The directors holding office during the year ended 31 August 2014:

M Allen	(resigned 1 June 2014)
G Behr	
J Benkel	
D Palmer	
S O'Shea	
J Wakeford	
E Lydon	
S Bailey Watts	
B Hammond	(resigned 24 February 2015)
P Marshall	(appointed 2 June 2014)
L Fitzsimons	(appointed 16 June 2014)

With effect from 12 September 2012 six (2013: seven) of the company's directors held a beneficial interest in the 'B' ordinary shares of the company. At 31 August 2014, other than the interest noted above, none of the directors had any beneficial interests in the shares of the company or in any of the group companies.

The directors are protected by Directors and Officers Liability Insurance provided by the Company.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws).

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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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;

UPP Group Limited

Directors' report (continued)

for the year ended 31 August 2014

Statement of directors' responsibilities (continued)

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 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

Having passed elective resolutions of the shareholders the company is exempt from the obligation to annually re-appoint auditors and to hold annual general meetings. Accordingly the board recommend that Grant Thornton UK LLP continue in office as auditor to the company.

On behalf of the Board



G Behr
Director

26 February 2015

UPP Group Limited

Strategic report

for the year ended 31 August 2014

The directors present their report and financial statements for the year ended 31 August 2014.

Results and review of the business

During the year the company incorporated two new subsidiaries, UPP (Kent Turing) Holdings Limited and UPP (Cartwright Gardens) Holdings Limited and provided subordinated debt funding of £9,561,000 and £21,656,000 respectively to the companies.

There have been delays in the construction of the 801 Turing College rooms at University of Kent, with 295 of the anticipated 416 rooms available for occupation in the 2014/15 academic year. The directors are confident that the remaining 506 will be available ahead of the 2015/16 academic year as originally anticipated. There is a potential for an over spend and delay in the construction of the 1,200 rooms at the Cartwright Gardens site at the University of London.

The company will continue to progress its strategy for growth through its subsidiary companies UPP Projects Limited, UPP Asset Finance Limited and UPP Residential Services Limited.

UPP Projects Limited, supported by UPP Asset Finance Limited, will continue to generate development fee income as a result of its bidding, transaction and development activities. The company will also generate returns from subordinated debt investments in each of the Special Purpose Vehicles established through the activity of UPP Projects Limited. UPP Residential Services Limited will increase its operational returns and generate fees from developing its Asset Management business.

Consolidated financial statements are not produced as the results of all of its subsidiary undertakings are included within the consolidated financial statements of the parent company, UPP Group Holdings Limited.

The profit for the year attributable to shareholders and reported in the financial statements is £6,929,000 (2013: £5,884,000 loss).

Post balance sheet events

On 9 December 2014 the company transferred its holding in UPP (Exeter) Limited to UPP Bond 1 Limited for nil consideration. On the same day UPP Bond 1 Issuer plc entered into a £149.7million issuance of index-linked secured notes, listed on the Irish Stock Exchange and on-lent these funds to UPP (Exeter) Limited to enable that company to repay its bank facilities and some associated costs. On the same day the company provided £3,901,000 of additional subordinated debt funding.

Going concern

The directors have reviewed the company's projected profits and cash flows which they have prepared on the basis of a detailed analysis of the company's finances, contracts and likely future demand trends. After consideration of these projections the directors consider that the company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

UPP Group Limited

Strategic report (continued)

for the year ended 31 August 2014

Financial risk management objectives and policies (continued)

The company uses various financial instruments including loans, cash, equity investments and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. All of the company's financial instruments are of sterling denomination and the company does not trade in financial instruments or derivatives.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from the previous year.

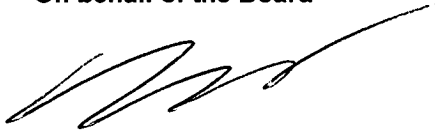
Interest rate risk

The company finances its operations through a mixture of retained profits, intra group borrowings and parent company loans. Interest on the intra group borrowings and parent company loans is at fixed commercial rates.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and debt servicing and to invest cash assets safely and profitably.

On behalf of the Board



G Behr
Director

26 February 2015

Report of the independent auditor to the members of UPP Group Limited

We have audited the financial statements of UPP Group Limited for the year ended 31 August 2014 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2014 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the independent auditor to the members of UPP Group Limited (continued)

Matters on which we are required to report by exception

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

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



Giles Mullins
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditors, Chartered Accountants

Central Milton Keynes

26 February 2015

UPP Group Limited
Profit and loss account
for the year ended 31 August 2014

	Notes	Year ended 31 August 2014 £'000	Year ended 31 August 2013 £'000
Other operating income	2	617	4,758
Investment income from subsidiary undertakings		2,700	1,000
Operating expenses		(5,003)	(12,451)
Operating loss	3	(1,686)	(6,693)
Interest receivable & similar income	7	27,264	11,760
Interest payable & similar charges	8	(18,626)	(11,003)
Profit / (loss) on ordinary activities before taxation		6,952	(5,936)
Tax (charge) / credit on profit / (loss) on ordinary activities	9	(23)	52
Profit / (loss) for the financial year	18	6,929	(5,884)

The above results all relate to continuing operations.

The company has no recognised gains and losses other than the profit for the year ended 31 August 2014 and the loss for the year ended 31 August 2013 and therefore no separate statement of total recognised gains and losses has been presented.

UPP Group Limited

Balance sheet

as at 31 August 2014

		31 August 2014 £'000	31 August 2013 £'000
	Notes		
Fixed assets			
Tangible assets	10	431	500
Investments	11	66,241	64,350
Current assets			
Debtors: amounts falling due within one year	12	28,315	16,469
Debtors: amounts falling due after more than one year	13	253,250	221,744
Cash at bank and in hand		8,242	4,260
		<u>289,807</u>	<u>242,473</u>
Creditors: amounts falling due within one year	14	<u>(71,362)</u>	<u>(38,109)</u>
Net current assets		<u>218,445</u>	<u>204,364</u>
Total assets less current liabilities		<u>285,117</u>	<u>269,214</u>
Creditors: amounts falling due after more than one year	15	(163,586)	(143,586)
Provisions for liabilities	16	(58)	(19)
		<u>121,473</u>	<u>125,609</u>
Share capital and reserves			
Called up share capital	17	1	1
Share premium account	18	104,688	104,688
Capital reserve	18	7,551	7,399
Profit and loss account	18	9,233	13,521
		<u>121,473</u>	<u>125,609</u>

The financial statements were approved by the board on 26 February 2015
and were signed on its behalf by:



G Behr
Director



J Benkel
Director

Registered number: 06218832

UPP Group Limited

Notes to the financial statements

for the year ended 31 August 2014

1. Principal accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006. The accounting policies remain unchanged from the previous year.

(b) Consolidation

The company is exempt from preparing consolidated financial statements under section 400 of the Companies Act 2006, as the company forms part of a larger group headed up by UPP Group Holdings Limited which produces consolidated financial statements. These accounts present information about the company as an individual undertaking and not about its group.

(c) Going concern

The directors have reviewed the company's projected profits and cash flows which they have prepared on the basis of a detailed analysis of the company's finances, contracts and likely future demand trends. After consideration of these projections the directors consider that the company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

(d) Cash flow statement

The company has taken advantage of the exemption available under FRS 1 (revised) and has not prepared a cash flow statement by virtue of being a small company.

(e) Investments

Investments are held at historic cost.

For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

For investments in subsidiaries acquired for consideration including the issue of shares qualifying for group reconstruction relief, cost is measured by reference to the net asset value of the shares issued, and the premium is accounted for accordingly. Where the subsidiary acquired was in a net liability position at acquisition the investment is shown at the nominal value of the shares issued.

(f) Tangible fixed assets

Tangible fixed assets are stated at historic cost, less accumulated depreciation. Depreciation is calculated so as to write off the cost of the assets to their estimated residual values by equal annual instalments over their expected useful economic life as follows:

Office equipment	10 years
Leasehold Improvements	10 years

Capitalised art work is included within the leasehold improvements but is not depreciated.

(g) Impairment reviews

The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

UPP Group Limited

Notes to the financial statements

for the year ended 31 August 2014

1. Principal accounting policies (continued)

(h) Taxation

(i) Current tax

The charge for current taxation for the year is based on the result for the year, adjusted for disallowable items.

(ii) Deferred tax

Full provision has been made for deferred taxation in respect of timing differences that have originated, but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future by the balance sheet date except that:

- Provision is made for gains on disposal of assets that have been rolled over into replacement assets only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned.
- Provision is not made for the remittance of a subsidiary, associate or joint venture's earnings that would cause tax to be payable where no commitment has been made to the remittance of the earnings.
- Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which the timing differences reverse, based on the tax rates enacted at the balance sheet date. Group relief is only accounted for to the extent that a formal policy is in place at the year / period end. Where no policy is in place, current and deferred tax is measured before benefits which may arise from a formal group relief policy.

(i) Defined contribution pension scheme

Contributions to employees' personal pension arrangements during the year are charged to the profit and loss account as incurred. For eligible employees, contributions are made to employees' personal pension schemes, based on a predetermined percentage of individuals' salaries.

(j) Long term incentive scheme

The company operates a long-term incentive scheme for certain employees. The amount of any awards receivable by the employees will depend on the results of the entity and the overall growth of the business over a period of ten years. In certain circumstances a specific event can also trigger an earlier payment. Where the contractual cash flows under the scheme are material, the obligation is included as a financial liability representing the fair value of the future contractual obligations. These contractual cash flows are reconsidered annually.

(k) Related party transactions

The company is a wholly owned subsidiary of UPP Group Holdings Limited and as such the company has taken advantage of the terms of FRS 8 not to disclose related party transactions which are eliminated on consolidation.

(l) Capital reserve

The capital contributions relate to benefits assigned by The Alma Mater Fund LP who retain the risks associated with the benefits. These have been received in cash and are non-refundable.

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2014

1. Principal accounting policies (continued)

(m) Operating leases

Leases where substantially all of the risks and rewards of ownership are not transferred to the company are treated as operating leases. Rentals under operating leases are charged on a straight line basis over the period of the lease.

2. Other operating income

Other operating income represents fees (net of VAT) charged to subsidiary undertakings for various services provided.

3. Operating loss

The operating loss is stated after charging:

	Year ended 31 August 2014 £'000	Year ended 31 August 2013 £'000
Depreciation	<u>69</u>	<u>69</u>

4. Directors' remuneration

	Year ended 31 August 2014 £'000	Year ended 31 August 2013 £'000
Emoluments	1,458	3,869
Company contributions to defined contribution schemes	<u>60</u>	<u>63</u>
	<u>1,518</u>	<u>3,932</u>

The amounts included above in respect of the highest paid director are as follows:

	Year ended 31 August 2014 £'000	Year ended 31 August 2013 £'000
Emoluments	650	2,167
Company contributions to defined contribution schemes	<u>25</u>	<u>20</u>
	<u>675</u>	<u>2,187</u>

In addition a number of directors of the company were also directors of the subsidiary undertakings, UPP Projects Limited and UPP Residential Services Limited, and their remuneration is disclosed in the accounts of those companies.

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2014

5. Employee costs

	2014	2013
	Number	Number
The average number of persons employed by the company during the year was as follows:		
Administration	<u>11</u>	<u>11</u>

These employees are paid through the subsidiary undertakings and the company was recharged an amount of £1,102,000 by its subsidiary, UPP Projects Limited, for services provided by these employees (2013: £1,073,000). Additionally in the prior year amounts totaling £2,634,000 were paid by the company to a number of its employees.

6. Auditors' remuneration

	Year ended	Year ended
	31 August	31 August
	2014	2013
	£'000	£'000
Fees payable to the Company's auditor for the audit of the company's annual accounts	2	3
Fees payable to the Company's auditor and its associates for other services:		
Audit of other group companies	39	33
Other services	20	-
Tax services	83	53
	<u>144</u>	<u>89</u>

7. Interest receivable and similar income

	Year ended	Year ended
	31 August	31 August
	2014	2013
	£'000	£'000
Interest on cash balances	250	324
Interest from secured subordinated loan notes	27,014	11,436
	<u>27,264</u>	<u>11,760</u>

8. Interest payable and similar charges

	Year ended	Year ended
	31 August	31 August
	2014	2013
	£'000	£'000
Interest on loan from ultimate parent company (see note 15)	<u>18,626</u>	<u>11,003</u>

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2014

9. Tax on profit / (loss) on ordinary activities

	Year ended 31 August 2014 £'000	Year ended 31 August 2013 £'000
a) Analysis of charge / (credit) for the year		
<i>Current tax:</i>		
Current tax on income for the year (note 9b)	-	-
Adjustment to tax charge in respect of prior years	-	-
	<u>-</u>	<u>-</u>
<i>Deferred tax:</i>		
Current year	601	(56)
Rate difference	(2)	4
Adjustments to tax charge in respect of previous years	(576)	-
Total deferred tax	<u>23</u>	<u>(52)</u>
Tax charge / (credit) on profit / (loss) on ordinary activities	<u>23</u>	<u>(52)</u>

b) Factors affecting current tax charge / (credit) for the year

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK 22% (2013: 23%). The differences are explained below:

	Year ended 31 August 2014 £'000	Year ended 31 August 2013 £'000
Profit / (loss) on ordinary activities before tax	<u>6,952</u>	<u>(5,936)</u>
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22% (2013: 23%)	1,541	(1,365)
<i>Effects of:</i>		
Expenses disallowable for tax purposes	585	2,494
Capital allowances in excess of depreciation	10	1
Other timing differences	4	4
Tax losses	(615)	52
Non taxable income	(1,449)	(1,186)
Group relief claimed not paid for	(76)	-
Current tax charge / (credit) for the year (note 9a)	<u>-</u>	<u>-</u>

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2014

10. Tangible fixed assets

	Leasehold Improvements £'000	Office Equipment £'000	Total £'000
Cost			
At 1 September 2013 and 31 August 2014	496	193	689
Depreciation			
At 1 September 2013	(136)	(53)	(189)
Charge during the year	(50)	(19)	(69)
At 31 August 2014	(186)	(72)	(258)
Net book value			
At 31 August 2014	310	121	431
At 31 August 2013	360	140	500

11. Fixed asset investments

Company	Interest in subsidiary undertakings £'000
At 1 September 2013	64,350
Additions	1,891
At 31 August 2014	66,241

During the year the company incorporated a new subsidiary, UPP (Kent Turing) Holdings Limited and ultimately acquired 100% of the issued share capital in that subsidiary.

Additionally the company incorporated another subsidiary undertaking, UPP (Cartwright Gardens) Holdings Limited and ultimately acquired 85% of the issued share capital in that subsidiary.

The additions above reflect the incorporation of these two new subsidiary undertakings during the year.

UPP Group Limited

Notes to the financial statements (continued)

for the year ended 31 August 2014

11. Fixed asset investments (continued)

A list of the subsidiary undertakings, owned either directly or indirectly, that were trading at the balance sheet date is as below:

	Proportion of shares held	Nature of Business
UPP (Alcuin) Limited	100%	Student Accommodation
UPP (Lancaster) Holdings Limited	100%	Student Accommodation
UPP (Nottingham) Limited	100%	Student Accommodation
UPP (Broadgate Park) Holdings Limited	100%	Student Accommodation
UPP (Plymouth Three) Limited	100%	Student Accommodation
UPP (Kent Student Accommodation) Limited	100%	Student Accommodation
UPP (Loughborough Student Accommodation) Holdings Limited	100%	Student Accommodation
UPP (Oxford Brookes) Limited	100%	Student Accommodation
UPP Leeds Metropolitan II Limited	100%	Student Accommodation
UPP Loring Hall Limited	100%	Student Accommodation
UPP (Kent Student Accommodation II) Holdings Limited	100%	Student Accommodation
UPP (Exeter) Holdings Limited	100%	Student Accommodation
UPP (Clifton) Holdings Limited	80%	Student Accommodation
UPP (Byron House) Holdings Limited	80%	Student Accommodation
UPP (Reading I) Holdings Limited	24%	Student Accommodation
UPP (Kent Turing) Holdings Limited	100%	Student Accommodation
UPP (Cartwright Gardens) Holdings Limited	85%	Student Accommodation
UPP (MidCo) Limited	100%	Investment company, holding 56% of shares in UPP (Reading 1) Holdings Limited
UPP Bond 1 Issuer plc	100%	Provision of long term funding to six subsidiary undertakings
UPP Projects Limited	100%	Develop partnerships for the provision of student accommodation
UPP Residential Services Limited	100%	Provision of facility management services
UPP Asset Finance Limited	100%	Provision of financial advisory & modelling services

The proportion of voting rights held is in line with the proportion of shares held.

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2014



11. Fixed asset investments (continued)

The results for the year ended 31 August 2014, and the capital & reserves as at 31 August 2014 for each of these subsidiary undertakings is:-

	Profit & Loss for the year £'000	Capital & Reserves £'000
UPP (Alcuin) Limited	(522)	3,453
UPP (Lancaster) Holdings Limited	(787)	25,654
UPP (Nottingham) Limited	(4,446)	(34,376)
UPP (Broadgate Park) Holdings Limited	(3,963)	(23,098)
UPP (Plymouth Three) Limited	(2,889)	(9,854)
UPP (Kent Student Accommodation) Limited	(874)	(3,437)
UPP (Loughborough Student Accommodation) Holdings Limited	204	1,537
UPP (Oxford Brookes) Limited	(1,456)	(10,305)
UPP Leeds Metropolitan II Limited	(451)	(2,407)
UPP Loring Hall Limited	(40)	356
UPP (Kent Student Accommodation II) Holdings Limited	45	8,138
UPP (Exeter) Holdings Limited	(1,074)	17,456
UPP (Clifton) Holdings Limited	(364)	2,867
UPP (Byron House) Holdings Limited	(1,094)	(530)
UPP (Reading I) Holdings Limited	(4,681)	20,171
UPP (Kent Turing) Holdings Limited	-	506
UPP (Cartwright Gardens) Holdings Limited	-	1,407
UPP (MidCo) Limited	(1,413)	(2,192)
UPP Bond 1 Issuer plc	(148)	5,130
UPP Projects Limited	811	3,586
UPP Residential Services Limited	2,824	4,651
UPP Asset Finance Limited	(304)	(146)

12. Debtors: amounts falling due within one year

	31 August 2014 £'000	31 August 2013 £'000
Sundry debtors and accrued income	259	177
Other debtors	249	-
VAT recoverable	26	39
Amounts due from ultimate parent company	67	45
Amounts due from group undertakings	27,714	16,208
	28,315	16,469

13. Debtors: amounts falling due after more than one year

	31 August 2014 £'000	31 August 2013 £'000
Secured subordinated loan notes	127,889	96,383
Unsecured loan notes	125,361	125,361
	253,250	221,744

UPP Group Limited

Notes to the financial statements (continued)

for the year ended 31 August 2014

13. Debtors: amounts falling due after more than one year (continued)

The loan note funding is provided to a number of the subsidiary undertakings.

Secured subordinated loan notes

On 14 October 2013 the company subscribed for £9,561,000 of secured loan notes in a new subsidiary undertaking, UPP (Kent Turing) Holdings Limited.

On 4 July 2014 the company subscribed for £21,656,000 of secured loan notes in a new subsidiary undertaking, UPP (Cartwright Gardens) Holdings Limited, representing 85% of the total loan notes issued by that company.

During the year the company capitalised interest of £577,000 due in respect of loan notes issued to UPP (Reading 1) Holdings Limited and UPP (MidCo) Limited.

Unsecured loan notes

On 5 March 2013 the company subscribed for unsecured loan notes, totaling £125,361,000, in UPP Bond 1 Holdings Limited. This amount was ultimately lent to six of the company's subsidiary undertakings to enable those companies to fund the cost of repaying their short term banking facilities and associated costs.

The weighted average interest rate and average period and final repayment dates on the loan notes are as below:

	Average interest rates	Average period	Repayment dates
Secured subordinated loan notes	12.38%	44 years	August 44 – August 68
Unsecured loan notes	13.50%	42 years	August 56

14. Creditors: amounts falling due within one year

	31 August 2014 £'000	31 August 2013 £'000
Trade creditors	332	191
Loans from group undertakings	2,929	2,429
Loans from immediate parent company	32,210	20,587
Amounts owed to ultimate parent company	29,629	11,003
Loan from ultimate parent company	1,808	1,808
Amounts owed to group undertakings	2,010	725
Accruals and deferred income	2,444	1,366
	<u>71,362</u>	<u>38,109</u>

The loan from ultimate parent company was provided by Student UK TopCo Limited in January 2013, is interest free and is repayable on demand.

On 6 May 2014 the company entered into an unsecured overdraft facility of £15m, available for a period of 12 months. This facility was not utilized during the year.

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2014



15. Creditors: amounts falling due after more than one year

	31 August 2014 £'000	31 August 2013 £'000
Loans from an ultimate parent company	<u>163,586</u>	<u>143,586</u>

The loan from an ultimate parent company was provided by Student UK Acqco Limited on 12 September 2012 and the proceeds were used to repay the loan provided by PGGM Vermogensbeheer BV ('PGGM') during the prior year. This loan bears interest at 12.5% and is repayable in December 2022.

On 5 March 2013 the company entered into another loan with Student UK Acqco Limited to partly fund the subscription of the unsecured loan notes issued by UPP Bond 1 Holdings Limited. This new loan bears interest at 12.75% and is also repayable in March 2023.

On 4 July 2014 the company entered into another loan with Student UK Acqco Limited to partly fund the subscription of the secured loan notes issued by UPP (Cartwright Gardens) Holdings Limited. This new loan bears interest at 12.75% and is repayable in July 2024.

16. Provisions for liabilities

	Deferred tax £'000	Dilapidations £'000	Total £'000
At 1 September 2013	(26)	45	19
(Credited) / charged to profit & loss account	23	16	39
At 31 August 2014	<u>(3)</u>	<u>61</u>	<u>58</u>

Deferred Tax	31 August 2014 £'000	31 August 2013 £'000
The deferred tax (asset) / liability consists of:		
Accelerated capital allowances	9	27
Other timing differences	(12)	(53)
Total deferred tax liability	<u>(3)</u>	<u>26</u>

The dilapidations provision relates to the estimated expenditure in relation to the period that will be required to be incurred to return the leased premises to its original condition on expiry of the lease term.

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2014

17. Called up share capital

	31 August 2014 £	31 August 2013 £
Authorised		
21,100,000 'A' Ordinary shares of 0.01p each	2,110	2,110
25,000 'B' Ordinary shares of 1p each	250	250
	<u>2,360</u>	<u>2,360</u>
Allotted, called up and fully paid		
11,040,158 'A' Ordinary shares of 0.01p each	1,104	1,104
25,000 'B' Ordinary shares of 1p each	250	250
	<u>1,354</u>	<u>1,354</u>

On 12 September 2012 the existing issued 11,040,158 Ordinary shares of 0.01p each were redesignated as 'A' Ordinary shares of 0.01p each, and 25,000 'B' Ordinary shares of 1p each were created and issued at par. The 'B' Ordinary shares carry no voting or dividend rights.

18. Reconciliation of shareholders' funds and movement on reserves

	Share capital £'000	Share premium account £'000	Profit & loss account £'000	Capital reserve £'000	Total shareholders' funds £'000
At 1 September 2013	1	104,688	13,521	7,399	125,609
Capital contribution	-	-	-	152	152
Dividend paid	-	-	(11,217)	-	(11,217)
Profit for the year	-	-	6,929	-	6,929
At 31 August 2014	<u>1</u>	<u>104,688</u>	<u>9,233</u>	<u>7,551</u>	<u>121,473</u>

£152,000 of the capital contributions relate to benefits assigned by The Alma Mater Fund LP who retain the risks associated with the benefits.

19. Parent undertaking and controlling party

The company's immediate parent undertaking is UPP Group Holdings Limited.

UPP Group Holdings Limited is ultimately controlled by a 60% stake held by PGGM Vermogensbeheer BV ("PGGM") on behalf of its pension fund clients. PGGM is incorporated in The Netherlands.

It is the directors' opinion that the ultimate controlling party is PGGM.

The parent undertaking of the smallest and largest group of which the company is a member and for which group accounts are prepared is UPP Group Holdings Limited.

Copies of the accounts can be obtained from Companies House, Cardiff CF4 3UZ, once they have been filed.

UPP Group Limited

Notes to the financial statements (continued)

for the year ended 31 August 2014

20. Related party transactions

The company is a wholly owned subsidiary of UPP Group Holdings Limited and as such the company has taken advantage of the terms of FRS 8 not to disclose related party transactions which are eliminated on consolidation.

During the year four of the company's subsidiary undertakings, UPP (Clifton) Holdings Limited, UPP (Byron House) Holdings Limited, UPP (Reading 1) Holdings Limited and UPP (Cartwright Gardens) Limited were not 100% owned by the company and therefore this exemption does not apply.

During the prior year two of the company's subsidiary undertakings, UPP (Alcuin) Limited and UPP (Nottingham) Limited were not 100% owned by the company up to 5 March 2013 when the company acquired the minority shareholdings in these companies. After this date the company took advantage of the exemption in relation to these companies. The transactions with these companies for the period that they were not 100% owned by the company are detailed below.

	Sub debt interest receivable and directors fees			
	2014	2013		
	£'000	£'000		
Profit and Loss Account				
UPP (Alcuin) Limited	-	192		
UPP (Nottingham) Limited	-	545		
UPP (Clifton) Holdings Limited	375	375		
UPP (Byron House) Holdings Limited	953	-		
UPP (Reading I) Holdings Limited	1,050	969		
UPP (Cartwright Gardens) Holdings Limited	289	-		
			Amounts due from group undertakings within one year	Amounts due from group undertakings in more than one year
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Balance sheet				
UPP (Clifton) Holdings Limited	375	375	4,118	4,118
UPP (Byron House) Holdings Limited	953	-	8,577	8,577
UPP (Reading I) Holdings Limited	766	701	12,151	11,978
UPP (Cartwright Gardens) Holdings Limited	289	-	21,656	-

UPP Group Holdings Limited is a wholly owned subsidiary of Student UK AcqCo Limited, which itself is a wholly owned subsidiary of Student UK TopCo Limited. Both of these entities are registered in the Channel Islands and consolidated accounts are not required to be filed for these entities. The directors consider these companies to be related parties and are required to disclose related party transactions accordingly.

During the year the company entered into loans totaling £20,000,000 with Student UK AcqCo Limited (2013: £143,586,000), the terms and conditions of which are detailed in note 15. At the balance sheet date this amount is included within creditors due after more than one year. Interest of £29,629,000 has accrued on this loan over the year ended 31 August 2014 (2013: £11,003,000). This amount remained unpaid at the balance sheet date and is included with creditors due within one year.

In January 2013 the company entered into an interest free loan with Student UK TopCo Limited totaling £1,808,000. This loan is repayable on demand and at the balance sheet date is included within creditors due within one year.

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2014



21. Financial commitments

At 31 August 2014, the company has annual commitments under non-cancellable operating leases that expire as set out below:

Operating leases which expire:	Year ended 31 August 2014 Land & buildings £'000	Year ended 31 August 2013 Land & buildings £'000
Between one and two years	419	-
Between two and five years	<u>-</u>	<u>419</u>

22. Post balance sheet events

On 9 December 2014 the company transferred its holding in UPP (Exeter) Limited to UPP Bond 1 Limited for nil consideration. On the same day UPP Bond 1 Issuer plc entered into a £149.7million issuance of index-linked secured notes, listed on the Irish Stock Exchange and on-lent these funds to UPP (Exeter) Limited to enable that company to repay its bank facilities and some associated costs. On the same day the company provided £3,901,000 of additional subordinated debt funding.