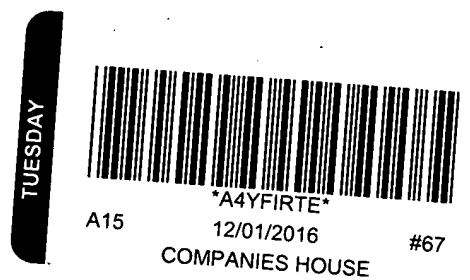


**UPP Group Limited
Report and financial statements**

For the year ended 31 August 2015



UPP Group Limited Report and financial statements for the year ended 31 August 2015



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UPP Group Limited



Directors and advisors

Directors

S O'Shea
G Behr
J Benkel
J Wakeford
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 2015



The directors present their report and financial statements for the year ended 31 August 2015.

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 £nil during the year (2014: £11,217,000).

Directors and their interests

The directors holding office during the year ended 31 August 2015:

G Behr	
J Benkel	
D Palmer	(resigned 3 July 2015)
S O'Shea	
J Wakeford	
E Lydon	(resigned 31 December 2014)
S Bailey Watts	
B Hammond	(resigned 24 February 2015)
P Marshall	
L Fitzsimons	

With effect from 12 September 2012 five (2014: six) of the company's directors held a beneficial interest in the 'B' ordinary shares of the company. At 31 August 2015, 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 2015

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 as directors in order 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**

17 December 2015

UPP Group Limited

Strategic report

for the year ended 31 August 2015



The directors present their report and financial statements for the year ended 31 August 2015.

Results and review of the business

The profit for the year attributable to shareholders and reported in the financial statements is £4,366,000 (2014: £6,929,000).

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 to the company.

At the operations at UPP (Exeter) Limited a latent defect in the newly built accommodation has been recently identified relating to the external panel detailing around the buildings. This does not affect the operations of the accommodation which continue to be fully occupied at modelled rents. The company and UPP (Exeter) Limited have been working with the contractor who built the accommodation to develop a programme of rectification works which will need to be performed during future summer vacation periods. UPP (Exeter) Limited intends to ensure its rights under the original construction contract, which place liability for latent defects onto the contractor, are robustly applied.

On 31 August 2015 the company acquired the trade and assets of its subsidiary undertaking, UPP Asset Finance Limited, for consideration of £1.

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

UPP Projects Limited will continue to focus on identifying opportunities 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 focus on growing 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.

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.

Financial risk management objectives and policies

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.

UPP Group Limited

Strategic report (continued)

for the year ended 31 August 2015

Financial risk management objectives and policies (continued)

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

17 December 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 2015 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 pages 2 and 3, 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 2015 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.

Grant Thornton UK LLP

Laura Brierley
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditors, Chartered Accountants
Central Milton Keynes

18 DECEMBER 2015

UPP Group Limited
Profit and loss account
for the year ended 31 August 2015



	Notes	Year ended 31 August 2015 £'000	Year ended 31 August 2014 £'000
Other operating income	2	122	617
Investment income from subsidiary undertakings		-	2,700
Operating expenses		(4,966)	(5,003)
Operating loss	3	(4,844)	(1,686)
Interest receivable & similar income	7	29,897	27,264
Interest payable & similar charges	8	(20,771)	(18,626)
Profit on ordinary activities before taxation		4,282	6,952
Tax credit / (charge) on profit on ordinary activities	9	84	(23)
Profit for the financial year	18	4,366	6,929

The above results all relate to continuing operations.

The company has no recognised gains and losses other than the profits for the years ended 31 August 2015 and 31 August 2014 and therefore no separate statement of total recognised gains and losses has been presented.

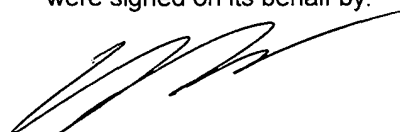
UPP Group Limited

Balance sheet

as at 31 August 2015

		31 August 2015 £'000	31 August 2014 £'000
	Notes		
Fixed assets			
Tangible assets	10	424	431
Investments	11	66,459	66,241
Current assets			
Debtors: amounts falling due within one year	12	47,529	28,315
Debtors: amounts falling due after more than one year	13	257,086	253,250
Cash at bank and in hand		5,353	8,242
		<u>309,968</u>	<u>289,807</u>
Creditors: amounts falling due within one year	14	<u>(87,194)</u>	<u>(71,362)</u>
Net current assets		<u>222,774</u>	<u>218,445</u>
Total assets less current liabilities		<u>289,657</u>	<u>285,117</u>
Creditors: amounts falling due after more than one year	15	(163,586)	(163,586)
Provisions for liabilities	16	(77)	(58)
		<u>125,994</u>	<u>121,473</u>
Share capital and reserves			
Called up share capital	17	1	1
Share premium account	18	104,688	104,688
Capital reserve	18	7,706	7,551
Profit and loss account	18	13,599	9,233
		<u>125,994</u>	<u>121,473</u>

The financial statements were approved by the board and authorised for issue on 17 December 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 2015

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 2015

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 2015

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 2015 £'000	Year ended 31 August 2014 £'000
Depreciation	<u>72</u>	<u>69</u>

4. Directors' remuneration

	Year ended 31 August 2015 £'000	Year ended 31 August 2014 £'000
Emoluments	1,394	1,458
Company contributions to defined contribution schemes	<u>75</u>	<u>60</u>
	<u>1,469</u>	<u>1,518</u>

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

	Year ended 31 August 2015 £'000	Year ended 31 August 2014 £'000
Emoluments	517	650
Company contributions to defined contribution schemes	<u>26</u>	<u>25</u>
	<u>543</u>	<u>675</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 2015

5. Employee costs

	2015	2014
	Number	Number
The average number of persons employed by the company during the year was as follows:		
Administration	<u>13</u>	<u>11</u>

These employees are paid through the subsidiary undertakings and the company was recharged an amount of £1,189,000 by its subsidiary, UPP Projects Limited, for services provided by these employees (2014: £1,102,000).

6. Auditors' remuneration

	Year ended	Year ended
	31 August	31 August
	2015	2014
	£'000	£'000
Fees payable to the Company's auditor for the audit of the company's annual accounts	2	2
Fees payable to the Company's auditor and its associates for other services:		
Audit of other group companies	43	39
Other services	10	20
Tax services	12	83
	<u>67</u>	<u>144</u>

7. Interest receivable and similar income

	Year ended	Year ended
	31 August	31 August
	2015	2014
	£'000	£'000
Interest on cash balances	348	250
Interest from secured subordinated loan notes	29,549	27,014
	<u>29,897</u>	<u>27,264</u>

8. Interest payable and similar charges

	Year ended	Year ended
	31 August	31 August
	2015	2014
	£'000	£'000
Interest on loan from ultimate parent company (see note 15)	<u>20,771</u>	<u>18,626</u>

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2015

9. Tax on profit on ordinary activities

	Year ended 31 August 2015 £'000	Year ended 31 August 2014 £'000
a) Analysis of (credit) / charge 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	-	-
<i>Deferred tax:</i>		
Current year	(86)	601
Rate difference	2	(2)
Adjustments to tax charge in respect of previous years	-	(576)
Total deferred tax	(84)	23
Tax (credit) / charge on profit on ordinary activities	(84)	23

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

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK 21% (2014: 23%). The differences are explained below:

	Year ended 31 August 2015 £'000	Year ended 31 August 2014 £'000
Profit on ordinary activities before tax	<u>4,282</u>	<u>6,952</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2014: 23%)	881	1,541
<i>Effects of:</i>		
Expenses disallowable for tax purposes	523	585
Capital allowances in excess of depreciation	10	10
Other timing differences	4	4
Tax losses	73	(615)
Non taxable income	(887)	(1,449)
Tax losses transferred in on change of ownership	(73)	-
Group relief claimed not paid for	(531)	(76)
Current tax (credit)/charge for the year (note 9a)	-	-

c) Deferred taxation

The deferred tax included within the balance sheet is as follows:

Deferred Tax	31 August 2015 £'000	31 August 2014 £'000
The deferred tax asset consists of:		
Accelerated capital allowances	(1)	9
Losses	(70)	-
Other timing differences	(16)	(12)
Total deferred tax asset	(87)	(3)

The figure as at 31 August 2014 was included within provisions and liabilities (note 16).

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2015

10. Tangible fixed assets

	Leasehold Improvements £'000	Office Equipment £'000	Total £'000
Cost			
At 1 September 2014	496	193	689
Additions	65	-	65
At 31 August 2015	561	193	754
Depreciation			
At 1 September 2014	(186)	(72)	(258)
Charge during the year	(53)	(19)	(72)
At 31 August 2015	(239)	(91)	(330)
Net book value			
At 31 August 2015	322	102	424
At 31 August 2014	310	121	431

11. Fixed asset investments

Company	Interest in subsidiary undertakings £'000
At 1 September 2014	66,241
Additions	218
At 31 August 2015	66,459

The additions above reflect capital investment in UPP (Oxford Brookes) Limited during the year.

UPP Group Limited

Notes to the financial statements (continued)

for the year ended 31 August 2015



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 Student Residences Limited (formerly 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

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

On 31 August 2015 the company acquired the trade and assets of its subsidiary undertaking, UPP Asset Finance Limited, for consideration of £1, after which date that company became dormant.

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2015



11. Fixed asset investments (continued)

The results for the year ended 31 August 2015, and the capital & reserves as at 31 August 2015 for each of these subsidiary undertakings is:-

	Profit & Loss for the year £'000	Capital & Reserves £'000
UPP (Alcuin) Limited	(77)	3,376
UPP (Lancaster) Holdings Limited	(1,523)	24,131
UPP (Nottingham) Limited	(4,107)	(38,515)
UPP (Broadgate Park) Holdings Limited	(3,337)	(25,435)
UPP (Plymouth Three) Limited	(2,337)	(12,192)
UPP (Kent Student Accommodation) Limited	(650)	(4,088)
UPP (Loughborough Student Accommodation) Holdings Limited	277	1,814
UPP (Oxford Brookes) Limited	(1,085)	(11,120)
UPP Leeds Student Residences Limited (formerly UPP Leeds Metropolitan II Limited)	(452)	(2,830)
UPP Loring Hall Limited	(11)	345
UPP (Kent Student Accommodation II) Holdings Limited	45	8,183
UPP (Exeter) Holdings Limited	(39,653)	(22,644)
UPP (Clifton) Holdings Limited	(230)	2,638
UPP (Byron House) Holdings Limited	(504)	(1,034)
UPP (Reading I) Holdings Limited	(3,772)	15,200
UPP (Kent Turing) Holdings Limited	(1,126)	(620)
UPP (Cartwright Gardens) Holdings Limited	-	1,407
UPP (MidCo) Limited	(1,576)	(3,768)
UPP Bond 1 Issuer plc	2	53
UPP Projects Limited	(2,741)	844
UPP Residential Services Limited	3,010	7,661
UPP Asset Finance Limited	(4)	(150)

12. Debtors: amounts falling due within one year

	31 August 2015 £'000	31 August 2014 £'000
Sundry debtors and accrued income	216	259
Other debtors	2	249
VAT recoverable	80	26
Amounts due from ultimate parent company	79	67
Amounts due from group undertakings	47,152	27,714
	47,529	28,315

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

	31 August 2015 £'000	31 August 2014 £'000
Secured subordinated loan notes	110,329	127,889
Unsecured loan notes	146,670	125,361
Deferred tax (note 9)	87	-
	257,086	253,250

UPP Group Limited

Notes to the financial statements (continued)

for the year ended 31 August 2015

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.

Unsecured loan notes

On 9 December 2014 the company subscribed for unsecured loan notes, totaling £17,406,000, in UPP Bond 1 Holdings Limited. This amount was ultimately lent to UPP (Exeter) Limited to enable that company to fund the cost of repaying its short term banking facilities and associated costs. On the same day the company provided £3,901,000 of additional subordinated debt funding.

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 2015 £'000	31 August 2014 £'000
Trade creditors	234	332
Loans from group undertakings	-	2,929
Loans from immediate parent company	32,210	32,210
Amounts owed to ultimate parent company	50,400	29,629
Loan from ultimate parent company	1,808	1,808
Amounts owed to group undertakings	1,267	2,010
Accruals and deferred income	1,275	2,444
	<u>87,194</u>	<u>71,362</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 7 May 2014 the company entered into an unsecured overdraft facility of £15m, available for a period of 12 months. In May 2015 this facility was extended for a further 12 months. This facility was not utilised during the year.

UPP Group Limited
Notes to the financial statements (continued)
for the year ended 31 August 2015

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

	31 August 2015 £'000	31 August 2014 £'000
Loans from an ultimate parent company, due in more than five years	<u>163,586</u>	<u>163,586</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 2014	(3)	61	58
(Credited) / charged to profit & loss account	(84)	16	(68)
Transferred to debtors: amounts falling due within one year	87	-	87
At 31 August 2015	<u>-</u>	<u>77</u>	<u>77</u>

The deferred tax asset as at 31 August 2015 has been included within debtors amounts falling due within one year (see note 9).

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 2015



17. Called up share capital

	31 August 2015	31 August 2014
	£	£
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 2014	1	104,688	9,233	7,551	121,473
Capital contribution	-	-	-	155	155
Profit for the year	-	-	4,366	-	4,366
At 31 August 2015	<u>1</u>	<u>104,688</u>	<u>13,599</u>	<u>7,706</u>	<u>125,994</u>

£155,000 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 CF14 3UZ, once they have been filed.

UPP Group Limited
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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.

	Sub debt interest receivable and directors fees	
	2015	2014
	£'000	£'000
Profit and Loss Account		
UPP (Clifton) Holdings Limited	416	375
UPP (Byron House) Holdings Limited	953	953
UPP (Reading 1) Holdings Limited	1,041	1,050
UPP (Cartwright Gardens) Holdings Limited	1,787	289

	Amounts due from group undertakings within one year		Amounts due from group undertakings in more than one year	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Balance sheet				
UPP (Clifton) Holdings Limited	416	375	4,118	4,118
UPP (Byron House) Holdings Limited	1,018	953	8,577	8,577
UPP (Reading 1) Holdings Limited	1,310	766	12,151	12,151
UPP (Cartwright Gardens) Holdings Limited	1,787	289	21,656	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 2014 the company entered into a loan of £20,000,000 with the parent company Student UK AcqCo Limited, bringing the total loans from that company to £163,586,000, 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. During the year the group incurred interest of £20,770,000 (2014: £18,626,000) relating to these loans and an amount of £50,400,000 (2014 £29,629,000) remains outstanding at the balance sheet date and is included within creditors falling 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 2015



21. Financial commitments

At 31 August 2015, the company has annual commitments under non-cancellable operating leases that expire as set out below:

Operating leases which expire:	Year ended 31 August 2015 Land & buildings £'000	Year ended 31 August 2014 Land & buildings £'000
Between one and two years	-	419
More than five years	<u>419</u>	<u>-</u>

The company renewed the lease novated from UPP Group Holdings Limited in November 2011 for a further five year period to November 2020. The commitment above represents the minimum amount payable under this lease.