Company Registration No. 02402714 (England and Wales)

UNITE INTEGRATED SOLUTIONS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

UNITE INTEGRATED SOLUTIONS PLC

COMPANY INFORMATION

Directors	J J Lister R S Smith C R Szpojnarowicz D Faulkner N W Hayes
Secretary	C R Szpojnarowicz
Company number	02402714
Registered office	South Quay Temple Back Bristol United Kingdom BS1 6FL
Auditor	Deloitte LLP 3 Rivergate Temple Quay Bristol United Kingdom BS1 6GD
Business address	South Quay Temple Back Bristol United Kingdom BS1 6FL

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present the strategic report and audited financial statements for the year ended 31 December 2021.

Principal activity

Unite Integrated Solutions plc ("UIS") is the principal trading subsidiary of The Unite Group plc ("Unite"), the UK's leading manager and developer of student accommodation. During the year to 31 December 2021, the company's principal activities continued to be provision of the following services to a number of companies either within The Unite Group plc or its joint ventures, UNITE UK Student Accommodation Fund (USAF) and London Student Accommodation Venture (LSAV) as follows:

- Property Development and Asset Management
- Property Operations

Business Review

Property Development and Asset Management

UIS's Property Business unit is responsible for development activity and asset management strategy for both Unite entities and the two co-investment vehicles, USAF and LSAV.

Development and University partnership activity continues to be a significant driver of growth in future earnings and is aligned to the business strategic focus on high and mid-ranked universities. The pipeline of traditional development and University partnerships includes 5,956 beds with a total development cost of £967 million, of which 3,661 beds or 77% by development cost will be delivered in central London which is planned to be undertaken for property openings between 2022 and 2026.

No new properties were opened in 2021, following the pausing of development during the Covid lockdowns, although work recommenced on the planned 2022 openings referred below. This also impacted revenue for the year with a £30m reduction in development income year on year.

2022

The business is due to complete £231 million of development representing 1,351 new beds for the 2022/23 academic year at our schemes at Middlesex Street in London and Campbell House in Bristol. Development is on track across both sites. Campbell House is let to the University of Bristol under a 15-year nomination agreement. We are in advanced negotiations with a high tariff university partner for a 5-year nomination agreement at Middlesex Street for approximately 2/3rds of the total beds.

2023

During the year planning consent was achieved for an enlarged 700 bed development at Derby Road in Nottingham, with expected development costs totalling £58 million, due for completion for the 2023/24 academic year which is located adjacent to the University of Nottingham campus. The development will target BREEAM Excellent rating and net zero carbon in operations through optimised design, integration of solar panels at roof level and an all-electric heating solution, including high efficiency air-source heat pumps.

There remains widespread acknowledgement from local authorities of the need for new PBSA supply to address growing student numbers and relieve pressure on housing supply. Universities also remain willing to support the businesses planning applications as a means of delivering the high-quality, affordable accommodation required to deliver their growth ambitions.

Property Operations

UIS's Operations Business Unit managed 74,000 beds (31 December 2020: 76,000 beds), including those managed and operated on behalf of our joint venture co-investment vehicles, The UNITE UK Student Accommodation Fund ("USAF") and The London Student Accommodation Vehicle ("LSAV").

Our best-in-class operating platform continues to drive both service enhancements and operational efficiency. We are committed to investing in an enhanced student experience that delivers value-for-money for students and support our purpose of creating a Home for Success. This includes a segmented product offering, tailoring student activities and community building alongside improvements to our MyUnite app, our Resident Ambassador programme and the provision of student welfare services.

We achieved occupancy of 94% across our total portfolio for the 2021/22 academic year (2020/21: 88%), reflecting a meaningful improvement from the disrupted booking cycle in 2020/21. This represents significant outperformance of our PBSA peers, who delivered average occupancy of 88% for 2021/22 (JLL's Student Housing Leasing Survey).

The gap to pre-pandemic occupancy levels of 97-98% in 2020/21 could be principally attributed to two reasons. The first is the disruption created by higher grade attainment due to teacher assessed grades, which saw more students obtain the entry requirements for their first-choice universities causing a distortion in the distribution of students amongst our cities. The majority of our markets saw significant waiting lists where students struggled to find suitable accommodation and equated to an additional 1-2% of potential occupancy.

The second factor is the ongoing impact of the pandemic on international travel. Despite a record level of non-EU admissions in 2021/22, this did not fully translate into bookings. In particular, we have continued to see an effect on demand from China, accounting for a 2% reduction in occupancy compared to 2019/20. The business expects to return to pre-pandemic occupancy levels for 2022/23.

Rental income across the entire group portfolio increased by 7% (UIS only: 26%) as a result of higher occupancy and reduced levels of rental discounts. The total value of discounts offered to students in 2021 was c.£10million for the group (UIS only: £145,000), reflecting 40% take-up of the 10-week rental discount offered to students not staying in their accommodation between January and March 2021.

As well as operating Unite's wholly owned properties and acting as a manager of properties held under long leaseholds, the company acts as co-investing manager of Unite's JV properties. UIS received management fees totalling £16.4 million (2020: £25.4 million) from its fund and asset management activities.

Principal risks and uncertainties

Risk is assessed and managed as part of Unite's risk management framework which is designed to identify the principal risks and ensure that risks are being appropriately monitored, controls are in place and required actions have clear ownership with requisite accountability.

A detailed review of Unite's risk profile was carried out during the year and identified four categories that comprise the risk profile as follows:

Market risks

Possible events	Impact	Mitigation
Demand reduction driven by Brexit uncertainty, Government policy or other macro events.	Potential reduction in demand. Departure from EU impacting EU research grants and EU students coming to the UK.	Ongoing monitoring of Government policy and its impact on UK, EU and international student numbers studying in the UK.
Demand reduction driven by value for money	More competitionand reduced demand resulting in lower profitability	Improved reputation through Covid-19 response; flexible check in and waiving rents and increased provision for student wellbeing.
Increasing supply of PBSA (Purpose-Built Student Accommodation) beds	More competition for the best sites impacting on rental growth and occupancy	Investment in brand and student experience, strong relationships with HE partners, exposure to best universities.

Operational risks

Possible events	Impact	Mitigation
Major health and safety incident in a property or a development site.	Impact to students living with us and contractors working on site.	Regular internal and external assurance sought through the British Safety Council, our external safety auditor. Achieved BSC 5 star audit rating and Covid Secure status.
	Reputational damage and trust in Unite as a reliable partner.	Continuous improvement of safety critcal systems and monthly external inspections of our development sites.
Information security and cyber threat	Reputational damage, financial damage and / or increased scrutinty including sanctions and fines.	External Cyber Maturity Assessment completed, technical security controls aligned to industry standard and ongoing programme of training and awareness.

Principal risks and uncertainties (continued)

Property/development risks

Possible events	Impact	Mitigation
Inability to secure the best sites on the right terms.	NAV and EPS affected by aborted scheme and/or reduced financial returns, with cash tied up in development.	Regular development team and property review, with Group Board director oversight.
Buying, developing or selling properties at the wrong point in the market cycle.	Reduction in asset values reducing financial returns.	Maintaining disciplined approach to new development transactions by maintaining Group hurdle rates.

ESG risk

Possible events	Impact	Mitigation
Challenges to our longer-term sustainability caused by climate change	Reputational and financial impacts from environmental action for non-compliance, such as minimum standards for EPC's.	Developed a new sustainability strategy with wider stakeholder engagement, and continued investment in energy efficiency initiatives.

Financing risk

Possible events	Impact	Mitigation
Unite Group breaches a loan covenant or fails to replace debt on expiry.	Possible forced sale of assets potentially below valuation.	Increased covenant monitoringincluding stress scenarios. Regular and reliable engagement with lenders.
Interest rate risk.	Adverse rate movements reducing profitability in the wider group.	Use of forward starting interest rate swaps and caps and fixed rate debt.

People risk

Possible events	Impact	Mitigation
Loss of talent to other purpose-built student accommodation providers.	Unable to deliver challenging business strategy in the next five years.	Notice periods for key members of staff reviewed and amended.
Impact of long Covid.	Higher absences through illness.	Provided a range of channels for our teams to ask questions and feedback and implemented flexible working policy.
Failure to meet our obligations/ commitments in ED&I areas and disproportionate effect of Covid-19 on the workforce due to Government policy decisions.	Potential for corporate liability, unable to attract high calibre talent to the business, and reputational damage from not meeting ED&I targets.	Provide a Covid-19 secure environment, with policies and procedures reviewed in line with Government advice and policy.

Key performance indicators

Key performance indicators	2021	2020
Loss before tax (£'m) To generate an appropriate return from managing our assets.	**-**	**(13)**

The company's revenues were impact by management's decision to no longer charge a development margin, although the impact of removing the asset management fee for wholly owned properties has been mitigated through implementation of an overhead recharge to these wholly owned property management entities.

	2021	2020
Net assets (£'m)	**12.6**	**11.6**

Net assets remain healthy and have increases by £1m with a net overall reduction achieved in working capital balances offset by an increase in cash balance of £5.8m. The company manages its working capital to align to the key development activities undertaken across the Group and cash flow requirements arising.

The metrics presented are used internally to measure and manage the business and to align to the performance related conditions for Group Directors' remuneration.

	2021	2020
Customer satisfaction (%) With the business returning to a normal operating environment, further improvement in NPS is anticipated.	**35**	**33**

In 2020 we made the transition to a Net Promoter Score (NPS) as a more commercially relevant customer experience measure.Three customer satisfaction surveys are typically undertaken per annum. An improvement in the 2021 score followed investment in driving up product quality in addition to improvements in a number of other areas such as information before arrival, help and support and making customers feel safe.

	2021	2020
Employee engagement (%) We strive to improve our score year-on year.	**75**	**74**

During Covid-19 a number of employee surveys were undertaken to check the welfare of our teams. The participation score on the main survey saw 91% (2020: 69%) of employees complete the survey.

	2021	2020
Higher Education Trust (%) Aim to reach the mid 80% level within the next two years.	**81**	**N/A**

Due to the Covid-19 pandemic this was our first survey since 2019. The score fell slightly but the decline was lower than the majority of other companies which saw sharper drops during Covid-19. Scores for those University partners with whom there was a pre-existing relationship pre-pandemic were particularly encouraging with our Covid response consolidating our reputation with them.

	2021	2020
Safety (number of reportable incidents) We strive to reduce the number of reportable incidents year-on-year and maintain our 5-star BSC Safety rating.	**7**	**12**

Five (2020: twelve) reportable incidents comprised of incidents or accidents that resulted in our employees being absent from work for over seven days. The majority of these incidents related to manual handling or slips, trips and falls.

Statement on employee engagement

Our people are at the heart of our business and engaging with our people has been especially important during the Covid-19 pandemic.

We engage with our people in a number of ways:

- Conducted our employee engagement survey and shared findings with our teams to help jointly develop action plans.
- Established our new employee engagement forum, Culture Matters, providing a quarterly forum where employee feedback and engagement can be tabled formally.
- Established our Positive Impact programme, a United Nations award winning programme which targets sustainable behaviour change. The programme is our key vehicle for driving employee engagement and all of our city teams are working to achieve a minimal bronze level award during 2022.

During 2021, the company made a number of decisions following engagement with employees which are listed below.

- Flexible working policy implemented.
- Safety enhancements for property teams including solo protect and bodycam cameras.
- EDI training programme provided to senior leaders.
- Investment in the Learning and Development team and resources to support our teams.
- Launch of our new employee forum, Culture Matters.

Equal opportunities recruitment policy

The company is committed to a policy of equal opportunities in all aspects of recruitment, regardless of age, sex, marital status, sexual orientation, religion, race, colour, ethnic origin and disability. The company aims to ensure equality of opportunity in all its activities, and have a positive attitude towards equality of employment. The company gives full and fair consideration to all applicants for employment of disabled persons and for continuing the employment of, and for arranging appropriate training for, employees of the company who have become disabled persons during the period when they were employed by the company, which are assessed in accordance with their particular skills and abilities. The company does all that is practicable to meet its responsibilities towards the employment of disabled people, and to ensure that training, career development and promotion opportunities are available to all employees.

Directors' duties and Section 172 statement

The Directors are well aware of its duty to act in accordance with the Companies Act. These include a fundamental duty to promote the success of the Company for the benefit of its members as a whole. This duty is central to the Board's decision-making processes and outcomes.

In performing their duties during 2021, the Directors have had regard to the matters set out in Section 172 (1)(a) to (f) of the Act:

a) The likely consequences of any decision in the long-term

Decisions affecting the investment properties held by the Company are ultimately made by the Board of Directors of Unite Group plc. As such, the Directors consider that they are subject to the same degree of oversight and approval by the Board of Directors of Unite Group plc as reported in the Strategic Report in that Group's annual report and financial statements.

b) Looking after the interests of the Company's employees

The Board recognises that creating diverse and engaged teams is critical to the business's ongoing success. Engaging with our people has been especially important through the pandemic. During 2021, we established our new employee engagement forum, Culture Matters, providing a quarterly forum where employee feedback and engagement can be tabled formally. Our Non-Executive Director for Workforce Engagement, Ilaria del Beato, attends the Culture Matters meetings and provides regular updates to the Board, ensuring consideration is given to employee needs and concerns.

The Board also understands employees' views through our regular employee surveys as well as 'Unite Live' sessions with our CEO and senior leaders enabling employees to ask questions directly of the CEO and leadership team. Our commitment to employee engagement can be seen by our employee engagement score of 75% (2020: 74%).

Listening to employee feedback, during 2021 the Board discussed the benefits of a number of proposals in relation to employees. This resulted in the following:

- We obtained a BSC Covid Secure status to ensure health and safety in our operations through the pandemic;
- We are trialling a new Hybrid Flexible Working Policy and expanded the training and resources we provide to our people around health, safety and wellbeing as well as enhancing mental health provision;
- In 2021, we hired a Diversity, Inclusion and Wellbeing lead who is developing our EDI & Wellbeing strategy and helping us embed equality, diversity, inclusion and wellbeing into our culture through a learning and development programme;

c) The need to foster the Company's business relationships with suppliers, customers and others

The Board understands the importance of fostering business relationships with students, University partners and suppliers.

During 2021, climate change was reported as a top priority for our customers and accordingly we plan to increase engagement with them on how they can develop sustainable living habits. The Board also considered how to increase support and give our customers more value-for-money.

Our teams maintained strong relationships with suppliers and University partners throughout 2021.

The Board considered the long term implications for the business, and the views of our wider stakeholders, when making the following key decisions:

- Throughout the year, we engaged with students on a range of issues which impact on their stay in our properties. In light of their feedback on the climate change survey, we are developing initiatives focussed on how they can play a role in making their stay more sustainable which we know is an important issue for them.

Directors' duties and Section 172 statement (continued)

c) The need to foster the Company's business relationships with suppliers, customers and others (continued)

- We increased peer-to-peer support for students through our new Resident Ambassador Programme, which provides invaluable support to students in finding like-minded students. The Resident Ambassadors are focussed on finding the voice of the student community in properties and are working with out property teams to deliver a personalised student experience.
- We improved our hassle-free, value-for-money offer to attract customers currently living in houses of multiple occupancy (HMOs) and are seeing an increase in sales to UK second and third year students and a meaningful increase in re-booking activity for 22/23.
- We maintained regular contact with our University partners, updating them on the latest Covid-19 measures and working with them to support students throughout the year. Our properties remained open and operational throughout the pandemic.
- We regularly engaged with university teams to offer a range of different approaches which ensured we delivered the right solutions for them and are focused to work with universities to unlock operational efficiencies alongside new accommodation requirements.
- To help ensure we have longer term and valuable supplier relationships, we undertook a thorough review of our supplier relationships during 2021 with support from a third-party procurement consultancy, including interviews with our twenty-five strategic suppliers.

d) The impact of the Company's operations on the community and environment

The Board recognises the increasing importance of climate change and the impact our business has on the communities in which we operate. Community engagement is an important part of how we operate and design our buildings.

We continue to be aware of the growing importance on climate and environment, social and governance issues for all of our stakeholders:

- Throughout 2021 and through our development activity, we employ over 1,500 roles in local communities. In addition, we invested £3 million in initiatives to reduce our environmental impact and over 296 hours of employee volunteering was carried out in the year.
- A structured community engagement strategy is being developed to ensure greater ongoing engagement from the development stage through to operations.
- Our Sustainability Committee was formed in 2021 to provide formal oversight and challenge to the execution of the Sustainability Strategy launched in 2021. In addition, sustainability performance measures are being introduced into the Executive remuneration.

Directors' duties and Section 172 statement (continued)

e) Maintaining a reputation for high standards of business conduct

Delivering our Company purpose of providing a Home for Success can only be achieved through the highest standards of business conduct.

Our values set our standards of conduct. The Board led the development of our refreshed values, which guide the organisation in delivering our purpose of a Home for Success, where everyone feels they belong and are treated equally. The values are:

- Creating room for everyone. Being authentic and striving for a truly diverse and inclusive environment;
- Keeping uS safe. Safety is at the heart of our brand and at the core of everything we do;
- Doing what's right. Always operate with a highly ethical, collaborative and solution driven mindset; and
- Raising the bar together. Continuously focused on improving the way things are done.

Meeting the needs and expectations of our stakeholders is fundamental to delivery of our purpose, Home for Success. Acting in the long-term interests of the business and all our stakeholders, including students, our people, universities, the communities we operate in, our suppliers and our investors, is central to the Board's decision-making process and shapes our strategy. Our Board also considers the impact of the Company's operations on the environment and the risks posed by climate change.

In all decision making, the potential impact on our stakeholders is taken into account, together with the likely consequences of these decisions in the long term and also the desirability of the Company maintaining a reputation for high standards of business conduct. These considerations are central to delivering our Home for Success purpose, which include, for example, when we offered rental discounts to students and the development of our Net Zero Carbon Pathway (see page 26 of the 2021 Annual Report of The Unite Group plc).

The Board maintains oversight of the Company's performance, and reserves specific matters for approval, including significant new strategic initiatives and major decisions relating to capital raising and allocation.

To help the Board understand our wider stakeholder relationships and inform the Board's decision-making, the Board receives regular updates from the Executive team, as well as the wider senior leadership team including the Group People Director, the Group Investment & Sustainability Director, the Group Energy & Environmental Manager, the Higher Education Director, Head of Fund Management and the Group Legal Director and Company Secretary.

Through measurement against long-term objectives, the Board monitors how management is acting in accordance with the Board's agreed strategy and the long-term interests of our key stakeholders.

f) Acting fairly for all shareholders

The Company is 100% owned by Unite Holdings Limited. The Directors aim to balance the needs of various stakeholders when setting and delivering the Company's strategy, having regard to long-term value creation, including maximising long-term shareholder value.

Outlook

The outlook for the business remains strong, reflecting the underlying strength of student demand, our alignment to the strongest Universities and the capabilities of our best-in-class operating platform. There are significant growth opportunities for the business created by growing student numbers, the ongoing shortage of high quality and affordable purpose-built student accommodation, Universities need to deliver an exceptional student experience through their accommodation and the growing awareness of the benefits of PBSA among non-1st year students. In particular, we see opportunities for new developments and University partnerships, building on the strength of our enhanced reputation in the sector.

We have good visibility over rental growth for the 2022/23 academic year, with nomination agreements in place on a large proportion of our beds.

The business is expected to return to pre-pandemic levels of occupancy between 97-98% and positive rental growth. We are confident on the medium-term outlook for earnings growth driven by sustainable rental growth of 3.0-3.5%, our substantial secured development pipeline and further opportunities to deploy capital into new development and University partnership opportunities at attractive returns.

The outlook for student numbers remains strong. Demographic growth is significant over the next decade, with the 18-year-old population forecast to return to 2010's height by 2024 and continuing to grow strongly thereafter. This would imply demand for around 220,000 additional UK undergraduate places by 2030 at current participation rates.

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

D Faulkner

D Faulkner
Director

28 June 2022

UNITE INTEGRATED SOLUTIONS PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their annual report and audited financial statements for the year ended 31 December 2021.

Principal activities and future developments
The principal activity of the Company continued to be that of the principal trading subsidiary of The Unite Group plc, the UK's leading manager and developer of student accommodation. The directors expect to continue to carry out these activities in the future.

The company registration number is 02402714.

Directors
The Directors who held office during the year and up to the date of this report, unless otherwise stated, were as follows:

J J Lister
R S Smith
C R Szpojnarowicz
D Faulkner
N W Hayes

Results and dividends
No ordinary dividends were paid (2020: £nil). The directors do not recommend payment of a final dividend.

Financial risk management

Treasury operations and financial instruments
The company has access to the group treasury function which is responsible for managing the liquidity, credit and interest risk associated with the group's activities.

Liquidity risk
The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Credit risk
Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

Debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Engagement with employees
Please see item b) in the Section 172 statement in the strategic report on page 7.

Disabled employees
Please see the equal opportunities recruitment policy in the strategic report on page 6.

Engagement with suppliers, customers and others
Please see item c) in the Section 172 statement in the strategic report on pages 7 and 8.

Energy and carbon reporting

We have considered the 2019 HM Government Environmental Reporting Guidelines. The Company is the principal trading subsidiary of The Unite Group plc ("Unite") and the results of the Company are consolidated into that Group. The Group's full sustainability statement is reported in the Strategic Report on pages 34 to 38 in the Group's annual report and financial statements.

Auditor

Each of the directors in office at the date of approval of this annual report confirm that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the 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 Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Going concern

The Company is part of The Unite Group plc ('Unite') from which it receives working capital funding. Unite has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company, and in particular, will not seek repayment of the amounts currently made available. In determining the Company's Going Concern assessment the Directors have, therefore, considered the wider Unite Group's future performance.

The Directors have considered a range of scenarios for future performance through the remainder of the 2021/22 and 2022/23 academic years, with a focus on forecast liquidity and ICR covenant performance. This included a base case assuming cash collection and performance for the 2021/22 academic year remains in line with current trends and a return to 97% occupancy for the 2022/23 academic year; and a reasonable worst case scenario where income for the 2022/23 academic year was impacted by reduced sales broadly equivalent to the 2020/21 academic year where occupancy was 88%. Under each of these scenarios, the Directors are satisfied that the Group has sufficient liquidity and will maintain covenant compliance over the next 12 months.

To further support the Directors going concern assessment, a 'Reverse Stress Test' was performed to determine the level of performance at which adopting the going concern basis of preparation may not be appropriate. This involved assessing the minimum amount of income required to ensure financial covenants would not be breached. Within the tightest covenant, occupancy could fall to approximately 60% before there would be a breach.

As at the date of this report, whilst the global outlook as a result of Covid-19 is improving, it continues to be uncertain and the range of potential outcomes is significant. In particular, should the impact on trading conditions be more prolonged or severe than currently forecast by the Directors, namely if there is a further sustained national lockdown that results in Universities not opening physically and students either not arriving at University or returning home, the Group's going concern status may be dependent on its ability to seek interest cover covenant waivers from its lenders. The Directors are satisfied that the possibility of such an outcome is sufficiently remote that adopting the going concern basis of preparation is appropriate.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of authorisation of these financial statements.

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

D Faulkner

D Faulkner
Director

28 June 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors are responsible for preparing the annual 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 law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies 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 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 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 are responsible for the maintenance and integrity of the corporate and financial information included on The Unite Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITE INTEGRATED SOLUTIONS PLC

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Unite Integrated Solutions plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of total comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The 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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement, 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.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of Management, internal audit and the company's internal legal counsel about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Revenue Recognition – Covid-19 Rent Discounts: this is due to the approval and processing being largely manual which may make them more susceptible to fraud. We have tested the design and implementation of controls in place with respect to the discount process and performed substantive detailed testing on the completeness and accuracy of the discount population by agreeing the discount amounts to their respective calculations and tenancy agreements, as well as to cash reimbursements (where applicable).

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of Management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

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 strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report and directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; and
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.

Mark Boxall

Mark Boxall (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

Statutory Auditor

Bristol
United Kingdom

28 June 2022

UNITE INTEGRATED SOLUTIONS PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £000	2020 £000
Turnover	**3**	176,546	147,725
Cost of sales		(157,443)	(119,608)
Gross profit		19,103	28,117
Administrative expenses		(19,418)	(40,664)
Loss before taxation	**4**	(315)	(12,547)
Tax on loss	**8**	747	1,009
Profit/(loss) for the financial year		432	(11,538)
Total comprehensive income/(expense) for the year		432	(11,538)

The statement of total comprehensive income has been prepared on the basis that all operations are continuing operations.

UNITE INTEGRATED SOLUTIONS PLC

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Intangible assets	9		16,040		18,899
Tangible assets	10		9,217		7,428
Investments	11		-		-
			25,257		26,327
Current assets					
Stocks	12	11,598		8,665	
Debtors: due after one year	13	2,072		1,325	
Debtors: due within one year	13	1,442,460		1,176,060	
Cash at bank and in hand		15,321		9,386	
		1,471,451		1,195,436	
Creditors: amounts falling due within one year	14	(1,484,125)		(1,210,205)	
Net current liabilities			(12,674)		(14,769)
Total assets less current liabilities			12,583		11,558
Net assets			12,583		11,558
Capital and reserves					
Called up share capital	16		50		50
Profit and loss account			12,533		11,508
Shareholders Funds			12,583		11,558

The financial statements were approved by the board of directors and authorised for issue on 28 June 2022 and are signed on its behalf by:

D Faulkner

D Faulkner
Director

Company Registration No. 02402714

UNITE INTEGRATED SOLUTIONS PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £000	Profit and loss account £000	Total £000
Balance at 1 January 2020		50	22,155	22,205
Year ended 31 December 2020:				
Loss and total comprehensive expense for the year		-	(11,538)	(11,538)
Own shares acquired in the year		-	(660)	(660)
Equity settled transactions		-	1,551	1,551
Balance at 31 December 2020		50	11,508	11,558
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	432	432
Own shares acquired in the year		-	(1,318)	(1,318)
Equity settled transactions		-	1,911	1,911
Balance at 31 December 2021		50	12,533	12,583

1 Accounting policies

Company information

Unite Integrated Solutions plc is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office is South Quay, Temple Back, Bristol, United Kingdom, BS1 6FL.

1.1 General information and basis of accounting

The principal accounting policies are summarised below. They have been applied consistently throughout the year and to the preceding year.

The nature of the company's operations and its principal activities are set out in the Directors' Report.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The company has applied the following amendment to FRS 102 issued by the FRC for the first time during the year:

- The amendments issued by the FRC in June 2021. The amendments extend the requirements introduced by the October 2020 amendments so that they apply to rent concessions for which any reduction in lease payments affects only payment originally due on or before 30 June 2022, provided the other conditions are met.

The functional currency of Unite Integrated Solutions plc is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Unite Integrated Solutions plc meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Unite Integrated Solutions plc is consolidated in the financial statements of its ultimate parent, The Unite Group plc, which may be obtained at South Quay, Temple Back, Bristol, United Kingdom, BS1 6FL. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement, financial instruments, intra-group transactions and remuneration of key management personnel.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements therefore present information about the undertaking as an individual undertaking and not about the Group.

1.2 Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £12,673,000, which the directors believe to be appropriate for the following reasons.

The company is dependent for its working capital on funds provided to it by The Unite Group plc. The Unite Group plc has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company, and in particular, will not seek repayment of the amounts currently made available. As with any entity placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this understanding the directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence; thus they continue to adopt the going concern basis in preparing the financial statements.

Further details can be found in the Directors' Report on page 12.

(Continued)

1 Accounting policies

1.3 Turnover

(i) Rental Income

Turnover from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are spread over the term of the lease on a straight line basis unless another systematic basis is more representative. Turnover relates to one class of business.

ii) Group and JV build and development

As soon as the outcome of a development contract can be estimated reliably, contract revenue and expenses are recognised in the profit and loss account in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. Any expected loss on a contract is recognised immediately in the profit and loss account. Revenue recognised in excess of payments on account are recognised in debtors as amounts recoverable under contract. Provision is made for any losses as they are foreseen.

(iii) Management fees

Management fees from joint venture investments and the Unite Group plc investments are recognised in line with the property management contracts and in the period to which they relate.

(iii) Overhead recharge

Overheads are recharged to fellow wholly group subsidiaries of The Unite Group Plc based on allocation across the entire managed portfolio by number of beds at each property.

1.4 Intangible fixed assets

Intangible assets predominately comprise internally developed computer software which allows customers to book online and process transactions within the sales cycle. The expenditure capitalised includes the cost of materials, direct labour and an appropriate portion of overheads. The assets are amortised on a straight-line basis over 4 - 7 years being the estimated useful lives of the intangible assets, from the date they are available for use. Amortisation is charged to the statement of total comprehensive income within administrative expenses.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Leasehold improvement	life of lease
Fixtures, fittings & equipment	4 - 20 years

Residual value represents the estimated amount of which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1 Accounting policies

1.6 Impairment of assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income as described below.

For financial assets carried at amortised costs, the amount of an impairment is the difference between the asserts carrying amount and the present value of estimated future cash flows, discounted at the financial assets original effective interest rate.

For financial assets carried at costs less impairment, the impairment loss is the difference between the assets carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed from an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

1.7 Stocks

Work in progress is valued at the lower of cost and net realisable value. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

(Continued)

1 Accounting policies

1.8 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

i. Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

a. The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
b. The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
c. The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
d. There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
e. Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
f. Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

1 Accounting policies

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

ii. Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

iii. Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

(Continued)

1 Accounting policies

1.9 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

1 Accounting policies

1.10 Employee benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The company's share option schemes allows employees to acquire shares in the ultimate holding company, The Unite Group plc. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity in The Unite Group plc. The fair value is measured at grant date and spread over the period during which employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the number of share options that are expected to vest except where forfeiture is only due to share prices not achieving the threshold for vesting. Where the options are exercised, equity is increased by the amount of the proceeds received.

The company funds the purchase of shares in The Unite Group plc by the 'Employee share ownership trust' to meet the obligations of the Long Term Incentive Plan (LTIP) and executive bonus scheme. These purchases are shown as 'recharge of equity settled share based payments' in note 6.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.13 Reserves

The Company's reserves are as follows:

- Called up share capital reserve contains the nominal value of the shares issued
- Profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments

1.14 Fixed asset investment

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the statement of total comprehensive income.

1.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

There are no estimates and judgements which have significant risk of causing material adjustment to the carrying amount of assets and liabilities.

3 Turnover

An analysis of the company's turnover is as follows:

	2021 £000	2020 £000
Turnover		
Rental income received under operating leases	7,768	6,172
Management fees	16,424	25,442
Group and JV build and development	148,209	112,916
Group overhead recharge	4,145	3,195
	176,546	147,725

The directors do not consider that the company had meaningful geographical segments as it operated exclusively in the United Kingdom during the year.

4 Loss before taxation

Loss before taxation for the year is stated after (crediting)/charging:	2021 £000	2020 £000
Rental income received under operating leases	(7,768)	(6,172)
Depreciation of owned tangible fixed assets	1,573	546
Amortisation of intangible assets	6,073	6,466
Operating lease charges	4,775	7,845

5 Auditor's remuneration

	2021	2020
Fees payable to the company's auditor and its associates:	**£000**	**£000**
For audit services		
Audit of the company's financial statements	33	7

There were no fees in either year for services other than the statutory audit of the company paid to the company's auditor, Deloitte LLP and its associates.

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Managerial and administrative	509	472
Site operatives	1,288	1,147
	1,797	1,619

	2021 £000	2020 £000
Wages and salaries	62,631	57,700
Social security costs	6,081	5,492
Pension costs	2,402	2,482
Fair value of share based payments	2,371	1,686
	73,485	67,360

6 Employees **(Continued)**

The wages and salaries costs include redundancy costs of £0.5 million (2020: £2.1 million).

The Unite Group plc operates the following schemes on behalf of the company's employees: two executive share option schemes (the 'Approved Scheme' and the 'Unapproved Scheme'), an Executive Long Term Incentive Plan (the 'LTIP'), a Save As You Earn scheme (the 'SAYE scheme') and an Employee Share Ownership Trust ('ESOT').

Under the approved scheme, the total market value of the shares, at the date of grant, over which any participant may be awarded options is £30,000. The options are not subject to performance conditions.

Under the unapproved scheme, the total market value of the shares at the date of grant, of all shares over which any participant may be awarded options (including options granted under other schemes) must not exceed four times his total remuneration. The unapproved scheme is performance related.

The LTIP comprises a performance share plan and an approved employee share option scheme. Vesting of UTIP awards is subject to continued employment and performance against 3 equally weighted measure adjusted earnings per share, total return and relevant total shareholder return.

The SAYE scheme issues options to employees with vesting periods of 3 or 5 years. The only condition attaching to this scheme is a service condition.

The ESOT is used to award part of directors' and senior managers' bonuses in shares. These shares vest after 3 years continued service.

The number and weighted average exercise price of share options is as follows:

	Weighted average exercise price 2021	Number of options (thousands) 2021	Weighted average exercise price 2020	Number of options (thousands) 2020
Outstanding at 1 January	£0.83	2,672	£1.45	1,929
Forfeited during the year	£1.77	(604)	£3.47	(159)
Exercised during the year	£2.37	(354)	£2.38	(255)
Granted during the year	£0.69	657	£0.50	1,157
Outstanding at 31 December	£0.57	2,371	£0.83	2,672
Exercisable at 31 December	£5.45	99	£3.46	59

The weighted average remaining contractual life of outstanding options was 2.2 years (2020: 2.5 years).

The weighted average share price on the date of exercise for options exercised during the year was £10.94 (2020: £9.75).

The range of exercise prices on the share options outstanding at the year end was 0p to 1084p (2020: 0p to 1076p).

The company funds the purchase of its own shares by the ESOT to meet the obligations of the LTIP and the executive bonus schemes. The purchases are shows as 'own shares acquired in the profit and loss reserve in the statement of changes in equity.

6 Employees **(Continued)**

The accounting is in accordance with the relevant standards.

7 Directors' remuneration

	2021 £000	2020 £000
Remuneration for qualifying services	3,393	1,534
Company pension contributions to defined contribution schemes	183	40
	3,576	1,574

The number of directors for whom retirement benefits are accruing during the year under defined contribution schemes amounted to 5 (2020: 5).

The number of directors who exercised share options during the year were 5 (2020: 3). All of the directors are participating in long term incentive schemes for qualifying services.

Emoluments paid in respect of qualifying service of the highest paid director were £1,039,856 (2020: £513,820).

Shares receivable by the highest paid director in respect of qualifying services under a long term incentive scheme were 31,589 (2020: 36,999) with a value of £349,946 (2020: £377,339)

A cash pension allowance of £64,677 (2020: £73,738) was made by the company on behalf of the highest paid director.

Share options in respect of 119,440 shares (2020: nil shares) in The Unite Group plc were exercised by the highest paid director during the year.

8 Taxation

	2021 £000	2020 £000
Current tax		
UK corporation tax on profits for the current period	-	(791)
Total current tax	-	(791)
Deferred tax (note 15)		
Origination and reversal of timing differences	(540)	(167)
Changes in tax rates	(207)	(51)
Total deferred tax	(747)	(218)
Total tax credit	(747)	(1,009)

8 Taxation

The taxation charge that would arise at the standard rate of UK corporation tax is reconciled to the actual tax charge below. The reconciliation below has been calculated at the main rate of corporation tax of 19% (2020: 19%).

As a member of a UK REIT, the company is exempt from UK corporation tax on the profits from its property rental business. Accordingly, the element of the company's profit before tax relating to its property rental business has been separately identified in the reconciliation below.

Although the company does not pay UK corporation tax on the profits from its property rental business, the Group is required to distribute 90% of the profits from its property rental business after accounting for tax adjustments as a Property Income Distribution ("PID"). PIDs are charged to tax in the same way as property income in the hands of the recipient.

The deferred tax asset/(liability) at 31 December 2021 has been calculated based on the rate at which it is expected to reverse. On 24 May 2021, Finance Act 2021 was substantively enacted which contains provisions to increase the corporation tax rate to 25% from 1 April 2023.

There is no expiry date in respect of timing differences, unused tax losses or tax credits.

As a member of a UK REIT, disposals of investment property are exempt from tax and as a result no deferred tax liability has been recognised in relation to these assets.

	2021 £000	2020 £000
Loss before taxation	(315)	(12,547)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(60)	(2,384)
Tax effect of expenses that are not deductible in determining taxable profit	20	12
Group relief	(222)	(518)
Prior year adjustments	(121)	(669)
Effect of tax deduction transferred to equity on share schemes	278	269
Other tax adjustments	(414)	2,523
Rate difference on deferred tax	(228)	(242)
Taxation credit for the year	(747)	(1,009)

9 Intangible fixed assets

	Computer software
	£000
Cost	
At 1 January 2021	60,734
Additions	3,214
At 31 December 2021	63,948
Amortisation	
At 1 January 2021	41,835
Amortisation charged for the year	6,073
At 31 December 2021	47,908
Carrying amount	
At 31 December 2021	16,040
At 31 December 2020	18,899

10 Tangible fixed assets

	Leasehold improvement	Fixtures, fittings & equipment	Total
	£000	£000	£000
Cost			
At 1 January 2021	10,330	8,339	18,669
Additions	2,903	459	3,362
At 31 December 2021	13,233	8,798	22,031
Depreciation and impairment			
At 1 January 2021	3,543	7,698	11,241
Depreciation charged in the year	1,162	410	1,573
At 31 December 2021	4,706	8,108	12,814
Carrying amount			
At 31 December 2021	8,527	690	9,217
At 31 December 2020	6,787	641	7,428

11 Fixed asset investments

		2021 £	2020 £
Investments in subsidiaries	22	100	100

Details of the subsidiaries are within note 22.

12 Stocks

	2021 £000	2020 £000
Work in progress	11,598	8,665

13 Debtors

Amounts falling due within one year:	2021 £000	2020 £000
Trade debtors	27,629	27,065
Corporation tax recoverable	1,038	2,176
Amounts due from group undertakings	701,792	563,355
Amounts due from related undertakings	681,414	557,573
Other debtors	13,695	17,121
Prepayments and accrued income	16,892	8,770
	1,442,460	1,176,060

Amounts falling due after more than one year:	2021 £000	2020 £000
Deferred tax asset (note 15)	2,072	1,325
Total debtors	1,444,532	1,177,385

Amounts due from group and related undertakings are interest free and receivable on demand.

14 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Other taxation and social security	1,055	-
Trade creditors	39,509	22,586
Amounts due to group undertakings	532,942	405,256
Amounts due to related undertakings	771,810	675,661
Other creditors	9,239	9,394
Accruals and deferred income	129,570	97,308
	1,484,125	1,210,205

Amounts due to group and related undertakings are interest free and repayable on demand.

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

Balances:	Assets 2021 £000	Assets 2020 £000
Accelerated capital allowances	793	334
Other short term timing differences	1,279	991
	2,072	1,325

Movements in the year:	2021 £000
Asset at 1 January 2021	(1,325)
Credit to profit or loss	(747)
Asset at 31 December 2021	(2,072)

Deferred tax assets and liabilities are recognised at the rate at which they are expected to reverse. Assets and liabilities are only offset where the group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity in the group.

16 Called up share capital

	2021	2020
	£000	£000
Ordinary called up share capital		
Shares allotted, called-up and fully paid		
Authorised		
50,000 Ordinary shares of £1 each	50	50
	50	50

The shares carry full voting rights, rights to distribution and capital distribution rights.

17 Retirement benefit schemes

Defined contribution schemes
The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Contingent liabilities

The Company had no contingent liabilities at 31 December 2021 (2020: £nil).

19 Operating lease commitments

Operating lease payments primarily relate to properties which the company has sold and leased back and on which rental income is earned. The leases are generally for periods between 13 and 18 years and subject to annual RPI rent review.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£000	£000
Within one year	5,538	7,528
Between two and five years	21,549	30,803
In over five years	39,404	58,931
	66,491	97,262

20 Related party transactions

The company had the following transactions with joint venture entities:

Development fees and asset management fees:

UNITE UK Student Accommodation Fund and subsidiaries ('USAF'): £13,848,000 (2020: £13,810,000) and LSAV (Holdings) Limited and subsidiaries ('LSAV') : £3,862,000 (2020: £6,614,000).

The following amounts were due to and from joint venture USAF and LSAV at the year end:

Amounts due to joint venture undertakings: £569,057,000 (USAF) (2020: £504,203,000) and £202,753,000 (LSAV) (2020: £171,458,000).
Amounts due from joint venture undertakings: £619,342,000 (USAF) (2020: £525,818,000) and £62,072,000 (LSAV) (2020: £31,755,000).

21 Ultimate controlling party

The company's immediate parent undertaking is Unite Holdings Limited.

The company's ultimate parent undertaking is The Unite Group plc. The largest and smallest group in which the results of the company are consolidated is that headed by The Unite Group plc. The consolidated accounts of this company are available to the public and can be obtained from the registered office, South Quay, Temple Back, Bristol, BS1 6FL.

22 Subsidiaries

These financial statements are separate company financial statements for Unite Integrated Solutions plc.

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking and country of incorporation or residency		**Nature of business**	**Class of shareholding**	**% Held Direct**
UNITE Construction (Angel Lane) Limited	England and Wales	Development of investment property	Ordinary	100
Unite FM Limited	England and Wales	Facilities Management	Ordinary	100
Unite Students Accommodation (Beijing) Business Service Company Limited	China	Facilities Management	Ordinary	100

The investments in subsidiaries are all stated at cost.

The registered office of Unite FM Limited and UNITE Construction (Angel Lane) Limited is that of South Quay House, Temple Back, Bristol, BS1 6FL.

The registered office of Unite Students Accommodation (Beijing) Business Service Company Limited is that of Room 1008, Floor 9, Building 4, Wanda Plaza, 93 Jianguo Road, Chaoyang District, Beijing.