

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

COMPANY INFORMATION

Directors	R Bailey-Watts J Benkel R Bienfait S O'Shea J Wakeford G Alwani-Starr
Company secretary	J Benkel
Registered number	08894502
Registered office	40 Gracechurch Street London EC3V 0BT
Independent auditor	Grant Thornton UK LLP Chartered Accountants and Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

CONTENTS

	Page
Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 8
Consolidated Profit and Loss Account	9
Consolidated Statement of Comprehensive Income	10
Consolidated Balance Sheet	11
Company Balance Sheet	12
Consolidated Statement of Changes in Equity	13 - 14
Company Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes to the Financial Statements	16 - 33

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

Business review

The Group's principal activity is the development, funding, operation and construction of student accommodation under the University Partnerships Programme ('UPP'), in partnership with the University of London.

The project comprises new build of 1,200 student residential accommodation bedrooms located in the heart of Bloomsbury Central London.

The level of business, achieving full occupancy and the year end financial position were in accordance with the directors' expectations. The directors anticipate that the future level of activity will be in accordance with their expectations and consider that the project will yield returns in line with current forecasts.

The robust characteristics of this market remain; with strong levels of student demand resulting from greater institutional autonomy and a recognition of the importance of high quality facilities as a central element of improving the experience of students.

The impending exit of the United Kingdom from the European Union (EU) continues to cast uncertainty across numerous sectors of the economy. Brexit is due to occur in March 2019 and Brexit negotiations are split into two parts. The first part relating to the past relationship (the "Divorce settlement") and the second related to future trading relationship. The intention is that both the Divorce settlement and a declaration of political intent in relation to the future trading relationship will be agreed before December 2018. The current Government remains committed to continue current funding and immigration arrangements for EU students until 31 December 2020. Whilst there have been some concerns in relation to how these changes might impact EU and International student enrolment post-Brexit, demand modelling by the Higher Education Policy Institute and London Economics suggests any fall in EU numbers will be largely offset by an increase in the population of International students; an estimated net fall in the full time student population of less than 1 per cent.

In 2016/17 Higher Education Statistics Agency (HESA) data, there were over 404,225 full-time international Higher Education (HE) students at UK HE institutions out of a total of nearly 1.8 million full-time students, representing 22 per cent of all full-time HE students. This comprises 284,000 non-EU students and 120,225 EU-domiciled students.

Despite some uncertainty, the Universities and Colleges Admissions Service (UCAS) published data at the 30 June 2018 deadline, indicating that following UK's vote to leave the EU the number of applicants from the EU increased by 2 per cent. The number of non-EU applicants reported a remarkable increase of 6 per cent, the highest number of applicants for this group. This steady growth in international student numbers proves that demand for UK HE courses remains unaffected by the UK's changing political and economic landscape.

The Board remain cognisant of the attendant risks relating to this process and will continue to actively manage these where they arise.

With effect from 1 March 2018, UPP REIT Holdings Limited, the ultimate parent company of the Group has elected for Real Estate Investment Trust ("REIT") status to apply to the Group companies. As a result, the Group will no longer pay income tax on profits and gains from qualifying property rental business providing it meets certain conditions. Non-qualifying profits and gains continue to be subject to income tax as normal.

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Principal risks and uncertainties

Financial risk management objectives and policies

The Company and Group use various financial instruments including loans, cash 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 Groups's operations. All of the Company and Group's financial instruments are of sterling denomination and the Company and Group does not trade in financial instruments or derivatives.

The existence of these financial instruments exposes the Company and Group 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

Growth in rental income is linked to the movement in RPI and the Company and Group manages the exposure to this index through the issue of inflation linked borrowings.

Inflation risk

Growth in rental income receivable from the Company and Group interest in student accommodation is linked to changes in RPI and the Company manages some of this exposure to this index through the use of index linked borrowings.

The maturity of borrowings is set out in note 18 to the financial statements.

Demand risk

The Company and Group are subjected to risks arising from occupancy voids and no nominations by the university partner which can lead to uncertain revenues. This risk is managed by cementing relationships with the university, improved marketing of accommodation and improved third party revenues to compensate for any shortfalls in rental income.

Portfolio risk

The assets of the Company and Group are in the student market and reduced student numbers could impact upon financial performance. The Company and Group seeks to mitigate this risk by building excellent long term relationships with their university partner and ensuring up to date in depth market analysis is completed each year to enable the Group and Company to review its strategic position.

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

Financial key performance indicators

The following are considered by the directors to be indicators of average performance of the Company and Group that are not necessarily evident from the financial statements but provide insight into the quality of underlying cash flows for the borrowers.

	2017/18	2016/17
Average Applications : Acceptance ratio	5.6:1	5.7:1
Average core demand pool (no. of students)	13,670	12,765

The indicators above are directly related to performance of the university partner of the Company and Group and any changes in these statistics may potentially affect the performance of the Company and Group and in turn, the economic viability of this Company and Group.

The directors monitor the occupancy levels of the student accommodation facilities.

	2017/18	2016/17
Average occupancy across the facilities	100.0%	100.0%

The target occupancy level is 98-99%, as such the directors are satisfied that the noted above occupancy levels exceed tolerable limits for the recovery of credit extended to the Company and Group. In addition, the Company and Group met its loan obligations in the period.

The Company and Group has to adhere to financial covenants on the associated senior debt financial instruments, such as debt service cover ratio. All of the financial covenants have been met during the financial year.

This report was approved by the board on 7 December 2018 and signed on its behalf.



R Bienfait
Director

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The directors present their report and the financial statements for the year ended 31 August 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report and the Directors' Report and the consolidated 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), 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 and of the profit or loss of the Company and Group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity of the business

The Company and Group acts as a holding company for UPP (Cartwright Gardens) Limited. The Company and Group's principal activity is the development of student accommodation rooms via estate transfer and direct construction methods. The rooms are leased to its subsidiary undertaking UPP (Cartwright Garden) Limited for letting to students.

Financial risk management objectives and policies

The Company and Group financial risk management objectives and policies are considered to be of strategic significance and are therefore detailed in the Strategic Report on page 2.

Going concern

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

Results and dividends

The loss for the year, after taxation and minority interests, amounted to £2,767k (2017 - £3,076k).

The directors did not declare any dividends for the year (2017 - £nil).

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

Directors

The directors who served during the year were:

R Bailey-Watts
J Benkel
R Bienfait
A Murphy (resigned 30 September 2018)
S O'Shea
J Wakeford (appointed as alternate to S O'Shea)
G Alwani-Starr (appointed 30 September 2018)

Future developments

Occupancy for the 2018/19 financial year has been secured at 100% which has exceeded the directors' expectations.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group'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.

Post balance sheet events

There have been no significant events affecting the Company and Group since the year end.

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 7 December 2018 and signed on its behalf.



R Bienfait
Director

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

Opinion

We have audited the financial statements of UPP (Cartwright Gardens) Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 August 2018, which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 August 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UPP (CARTWRIGHT GARDENS)
HOLDINGS LIMITED (CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by the Companies Act 2006

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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.

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UPP (CARTWRIGHT GARDENS)
HOLDINGS LIMITED (CONTINUED)**

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 Group's and the parent 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 Group or the parent 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's Report.

Grant Thornton UK LLP

Laura Brierley (Senior Statutory Auditor)

for and on behalf of
Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor

7 December 2018

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £000	2017 £000
Turnover	4	9,646	8,859
Cost of sales		(1,759)	(1,700)
Gross profit		7,887	7,159
Administrative expenses		(796)	(737)
Operating profit	5	7,091	6,422
Interest receivable and similar income	8	33	(2,520)
Interest payable and similar expenses	9	(10,381)	(7,519)
Loss before tax		(3,257)	(3,617)
Loss for the financial year		(3,257)	(3,617)
Loss for the year attributable to:			
Non-controlling interests		(490)	(541)
Owners of the parent		(2,767)	(3,076)
		(3,257)	(3,617)

The notes on pages 16 to 33 form part of these financial statements.

The above results all relate to continuing operations.

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £000	2017 £000
Loss for the financial year		(3,257)	(3,617)
Other comprehensive income			
Unrealised surplus on revaluation of tangible fixed assets	12	14,571	-
Other comprehensive income for the year		14,571	-
Total comprehensive income for the year		11,314	(3,617)
Loss for the year attributable to:			
Non-controlling interest		(490)	(541)
Owners of the Parent Company		(2,767)	(3,076)
		(3,257)	(3,617)
Total comprehensive income attributable to:			
Non-controlling interest		2,176	(541)
Owners of the parent Company		12,331	(3,076)
		14,507	(3,617)

The notes on pages 16 to 33 form part of these financial statements.

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED
REGISTERED NUMBER: 08894502

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible fixed assets	12	155,400	141,278
		<u>155,400</u>	<u>141,278</u>
Current assets			
Debtors	14	63	(2,517)
Cash at bank and in hand	15	7,505	7,515
		<u>7,568</u>	<u>4,998</u>
Creditors: amounts falling due within one year	16	(4,415)	(4,417)
Net current assets		<u>3,153</u>	<u>581</u>
Total assets less current liabilities		<u>158,553</u>	<u>141,859</u>
Creditors: amounts falling due after more than one year	17	(149,449)	(144,069)
Net assets/(liabilities)		<u><u>9,104</u></u>	<u><u>(2,210)</u></u>
Capital and reserves			
Called up share capital	20	1,407	1,407
Revaluation reserve	21	14,571	-
Profit and loss account	21	(5,843)	(3,076)
Non-controlling interests	21	(1,031)	(541)
		<u><u>9,104</u></u>	<u><u>(2,210)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 December 2018.



R Bienfait
Director

The accounting policies and notes on pages 16 to 33 form part of these financial statements.

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED
REGISTERED NUMBER: 08894502

COMPANY BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	2018 £000	2017 £000
Fixed assets			
Investments	13	34,480	1,407
		<u>34,480</u>	<u>1,407</u>
Current assets			
Debtors	14	-	31,170
		<u>-</u>	<u>31,170</u>
Creditors: amounts falling due within one year	16	(10)	-
		<u>(10)</u>	<u>-</u>
Net current (liabilities)/assets		<u>(10)</u>	<u>31,170</u>
Total assets less current liabilities		<u>34,470</u>	<u>32,577</u>
Creditors: amounts falling due after more than one year	17	(34,723)	(31,177)
		<u>(34,723)</u>	<u>(31,177)</u>
Net (liabilities)/assets		<u>(253)</u>	<u>1,400</u>
Capital and reserves			
Called up share capital	20	1,407	1,407
Profit and loss account	21	(1,660)	(7)
		<u>(253)</u>	<u>1,400</u>

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



R Bienfait
Director

Date: 7 December 2018

The accounting policies and notes on 16 - 33 form part of these financial statements.

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2018

	Called up share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000
At 1 September 2017	1,407	-	(3,076)	(1,669)	(541)	(2,210)
Comprehensive income for the year						
Loss for the year	-	-	(2,767)	(2,767)	(490)	(3,257)
Surplus on revaluation of leasehold property	-	14,571	-	14,571	-	14,571
At 31 August 2018	1,407	14,571	(5,843)	10,135	(1,031)	9,104

The notes on pages 16 to 33 form part of these financial statements.

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2017**

	Called up share capital £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Non- controlling interests £000	Total equity £000
At 1 September 2016	1,407	-	1,407	-	1,407
Comprehensive income for the year					
Loss for the year	-	(3,076)	(3,076)	(541)	(3,617)
At 31 August 2017	1,407	(3,076)	(1,669)	(541)	(2,210)

The notes on pages 16 to 33 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2018**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 September 2017	1,407	(7)	1,400
Loss for the year	-	(1,653)	(1,653)
At 31 August 2018	1,407	(1,660)	(253)

The notes on pages 16 to 33 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2017**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 September 2016	1,407	-	1,407
Loss for the year	-	(7)	(7)
At 31 August 2017	1,407	(7)	1,400

The notes on pages 16 to 33 form part of these financial statements.

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018**

	2018 £000	2017 £000
Cash flows from operating activities		
Loss for the financial year	(3,257)	(3,617)
Adjustments for:		
Depreciation of tangible assets	448	423
Interest paid	10,381	7,519
Interest received	(33)	2,519
(Increase)/decrease in debtors	(20)	736
Decrease in amounts owed by groups	-	2,560
Decrease in creditors	(156)	(3,811)
Increase in amounts owed to groups	4	119
Net cash generated from operating activities	<u>7,367</u>	<u>6,448</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	-	(3,021)
Interest received	33	(2,519)
Net cash generated from/(used in) investing activities	<u>33</u>	<u>(5,540)</u>
Cash flows from financing activities		
Repayment of loans	(2,936)	(2,738)
Interest paid	(4,474)	(3,651)
Net cash used in financing activities	<u>(7,410)</u>	<u>(6,389)</u>
Net decrease in cash and cash equivalents	<u>(10)</u>	<u>(5,481)</u>
Cash and cash equivalents at beginning of year	7,515	12,996
Cash and cash equivalents at the end of year	<u><u>7,505</u></u>	<u><u>7,515</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	7,505	7,515
	<u><u>7,505</u></u>	<u><u>7,515</u></u>

The notes on pages 16 to 33 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. General information

UPP (Cartwright Gardens) Holdings Limited is a private limited company incorporated in England, with company number 08894502. The registered office is 40 Gracechurch Street, London, EC3V 0BT.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has chosen to apply transitional relief under Section 35.10 (i) Service concession arrangements – Accounting by operators and as a result its tangible assets which meet the definition of service concession arrangements under Section 34 but where the contract was entered into before the date of transition will continue to be accounted for using the same accounting policies being applied at the date of transition to FRS 102.

The financial statements are presented in Sterling (£), which is the Company's functional currency, rounded to the nearest thousand.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies.

The following principal accounting policies have been applied:

2.2 Turnover

Rent receivable is recognised on a straight line basis of the amount receivable in respect of the accounting period. Amounts received in advance are included within deferred income.

2.3 Going concern

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

2.4 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

2. Accounting policies (continued)**2.5 Tangible fixed assets**

Tangible fixed assets are stated at valuation, net of depreciation and any provision for impairment. Depreciation is calculated so as to write off the cost of the tangible fixed assets, less any residual value, over the expected useful economic lives of the assets concerned once construction is complete. The principal rates of depreciation used for this purpose are:

Assets for use in operating leases - annuity method over the term of the lease

The economic benefit of the principal assets for use in operating leases is the return on assets invested into the financing arrangement with the relevant university. The annuity method takes into account the cost of capital notionally invested in the principal asset. Notional interest calculated using the relevant company's actual weighted cost of capital and depreciation combined will give an approximately constant charge to revenue.

The Group has adopted a policy to revalue the principal asset every five years with an interim valuation performed in year three of the cycle and in other years if there is evidence that the value has changed significantly. The movement in fair value is recognised in other comprehensive income and accumulated in equity in a revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged to the Profit and Loss account. A deficit which represents a clear consumption of economic benefits is charged to the Profit and Loss account regardless of any such previous surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves.

At each reporting date the Group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Impairment is determined by making an estimate of the likely recoverable value of short term debtors by considering factors such as the credit rating, the aging profile and the historic experience of the respective debtor.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2. Accounting policies (continued)

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.9 Interest bearing loans and borrowings

Index-linked senior secured notes and subordinated loan notes are initially measured at fair value, net of transaction costs. They are then subsequently measured at amortised cost using the effective interest method. Refer to note 3 for details on why the instruments are considered to be basic.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial liability, or (where appropriate) a shorter year, to the net carrying amount on initial recognition.

Where the financial liability has variable cash flows, such as the index linked interest and principal repayments, the change in RPI is charged to the profit and loss in the period to which it relates.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Finance costs

Financing costs, comprising interest payable on loans and subordinated loan notes and the costs incurred in connection with the arrangement of borrowings are recognised in the Statement of Comprehensive Income account using the effective interest method. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument unless the capital instrument is subsequently carried at fair value in which case the initial issue costs are expensed in the profit and loss account.

Financing costs also include losses or gains arising on any ineffective portion of fair value changes of designated for hedge accounting derivative instruments. Any movements in fair value of derivative instruments designated for hedge accounting that are effective are recognised in other comprehensive income as finance gains or losses.

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

2. Accounting policies (continued)

2.13 Related party transactions

The Group is a wholly owned subsidiary of UPP Group Holdings Limited and as such the company has taken advantage of the terms of FRS 102.33.1A not to disclose related party transactions which are eliminated on consolidation.

2.14 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet.

2.15 Interest income

Interest income is recognised in the Consolidated Profit and Loss Account using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2. Accounting policies (continued)

2.16 Current and deferred taxation

Tax is recognised in the Consolidated Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The Group has decided to make the election to be taxed under Regulation 9 in relation to derivative financial instruments and as a result a deferred tax asset or liability is recognised on the carrying value of any derivative instruments. Any deferred tax movements are recognised in other comprehensive income, where hedge accounting is applied for the underlying derivative instrument or in the profit and loss account where hedge accounting is not applied.

Deferred tax is calculated on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Group relief is only accounted for to the extent that a formal policy is in place at the reporting 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.

With effect from 1 March 2018, UPP REIT Holdings Limited, the ultimate parent company of the Group has elected for Real Estate Investment Trust ("REIT") status to apply to the Group companies. As a result, the Group will no longer pay income tax on profits and gains from qualifying property rental business providing it meets certain conditions. Deferred tax accrued to the date of conversion in respect of assets and liabilities of the qualifying property rental business will no longer be provided for as the relevant temporary differences will no longer be taxable on reversal.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to exercise judgement in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and assumptions are reviewed on an on-going basis with revisions recognised in the period in which the estimates are revised and in any future periods affected.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Presentation of the principal asset (Note 12)

Rent receivable is generated from the Group's interests in university accommodation.

These interests fall within the scope of Section 34 of FRS 102, however, due to the transitional relief adopted in relation to service concession arrangements, the Group continues to account for all its principal assets applying the policies under the extant UK GAAP, FRS 5 (Application Note F).

Each year the Group applies judgement in assessing the status of these interests, in accordance with the provisions of FRS 5 (Application Note F), assessing the balance of the significant risks and rewards of ownership of the asset. The appropriate Balance Sheet treatment of these interests is to treat the asset as a finance receivable asset where the company does not have the majority of significant risks and rewards. Where it does, the asset is treated as a tangible fixed asset.

The directors consider the balance of the risks and rewards lies with the Group and therefore the assets are treated as tangible fixed asset.

Classification of index-linked financial instruments (Note 19)

The Group's index-linked senior secured notes are fully amortising with both principal repayments and real interest adjusted semi-annually by the change in the RPI index. Management have concluded that despite both principal and interest being linked to RPI, these links are not leveraged and because both principal and interest repayment obligations change in the same proportion and therefore the conditions in paragraphs 11.9(a) and (aA) of FRS 102 are met and the company's index linked financial instruments are classified as basic and carried at amortised cost.

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

4. Turnover

Turnover represents income, on the basis of accounting policy 2.2, excluding VAT, attributed to the provision of student accommodation.

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

	2018	2017
	£000	£000
Provision of student accommodation	9,646	8,859
	<u>9,646</u>	<u>8,859</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2018	2017
	£000	£000
Depreciation of tangible fixed assets	448	423
	<u>448</u>	<u>423</u>

6. Auditor's remuneration

	2018	2017
	£000	£000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	4	4
Fees payable to the Group's auditor and its associates in respect of:		
Fees payable to the Group's auditor for the audit of the Subsidiary's annual financial statements	9	9
Taxation compliance services	-	6
	<u>9</u>	<u>15</u>

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. Employees and Director information

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Wages and salaries	621	569	-	-
Social security costs	57	55	-	-
Cost of defined contribution scheme	28	11	-	-
	706	635	-	-

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration with respect of these individuals is £nil (2017: £nil).

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Site managers	3	1
Administration, maintenance and cleaning	21	14
	24	15

The Company has no employees other than the directors, who did not receive any remuneration (2017 - £nil)

8. Interest receivable

	2018 £000	2017 £000
Interest receivable from group companies	-	(2,560)
Bank interest receivable	33	40
	33	(2,520)

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. Interest payable and similar expenses

	2018	2017
	£000	£000
Subordinated loan note interest payable	3,299	2,488
Index-linked interest payable	7,082	5,031
	10,381	7,519

Subordinated loan interest is payable to UPP Group Limited.

Included in index-linked interest payable is an amount of £4,878k (2017 - £2,857k) that relates to the index-linked uplift.

10. Taxation

	2018	2017
	£000	£000
Total current tax	-	-
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. Taxation (continued)

The tax assessed for the year is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.58%). The differences are explained below:

	2018	2017
	£000	£000
Loss on ordinary activities before tax	(3,257)	(3,616)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.58%)	(619)	(708)
Effects of:		
Expenses disallowable for tax purposes	147	130
Movement in deferred tax not recognised	819	578
Non-taxable income	(351)	-
Exempt property rental (profits)/losses in the year	4	-
Total tax charge for the year	-	-

Factors that may affect future tax charges

With effect from 1 March 2018, UPP REIT Holdings Limited, the ultimate parent company of the Group has elected for Real Estate Investment Trust ("REIT") status to apply to the Group companies. As a result, the Group will no longer pay income tax on profits and gains from qualifying property rental business providing it meets certain conditions. Non-qualifying profits and gains continue to be subject to income tax as normal.

There will be a reduction in corporation tax rate from 19% to 17% with effect from 1 April 2020.

A deferred tax asset of £3,694k (2017: £502k) in respect of available tax losses and other timing differences has not been recognised at 31 August 2018.

11. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The loss after tax of the Company for the year was £1,653k (2017 - £7k).

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12. Tangible fixed assets

Group and Company

	Assets for use in operating leases £000
Valuation	
At 1 September 2017	141,701
Revaluations	13,699
At 31 August 2018	<u>155,400</u>
At 1 September 2017	423
Charge for the year on owned assets	448
On revalued assets	(871)
At 31 August 2018	<u>-</u>
Net book value	
At 31 August 2018	<u><u>155,400</u></u>
At 31 August 2017	<u><u>141,278</u></u>

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12. Tangible fixed assets (continued)

Assets for use in operating leases include finance costs of £14,121k (2017 - £14,121k).

Assets used in operating leases were independently valued by Jones Lang LaSalle Limited ("JLL"), Chartered Surveyors on an existing use basis at 31 August 2018. JLL have confirmed that the value as at that date was £155,400k.

The critical assumptions made in relation to the valuation are set out below:

	2018	2017
Discount rates	8.75%	8.75%
Occupancy rates	99%	99%
Long term annual rental growth	3%	3%

Cost or valuation at 31 August 2018 is as follows:

	Assets for use in operating leases £000
At cost	141,701
At valuation:	
Revaluation as at 31 August 2018	13,699
	<u><u>155,400</u></u>

If the assets for use in operating leases had not been included at valuation they would have been included under the historical cost convention as follows:

	2018 £000	2017 £000
Group		
Cost	141,701	141,701
Accumulated depreciation	(871)	(423)
Net book value	<u><u>140,830</u></u>	<u><u>141,278</u></u>

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
UPP (Cartwright Gardens) Limited	Ordinary	100% %	Provision for student accommodation

The aggregate of the share capital and reserves as at 31 August 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £000	Loss £000
UPP (Cartwright Gardens) Limited	43,837	(1,604)
	43,837	(1,604)

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 September 2017	1,407
Additions	33,073
At 31 August 2018	34,480
Net book value	
At 31 August 2018	34,480
At 31 August 2017	1,407

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

14. Debtors

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Due after more than one year				
Amounts owed by group undertakings	-	(2,560)	-	31,170
Due within one year				
Trade debtors	31	-	-	-
Prepayments and accrued income	32	43	-	-
	63	(2,517)	-	31,170

Amounts owed by group undertakings relate to subordinated loan notes subscribed in UPP (Cartwright Gardens) Limited. Interest is charged at 10.35% and repayable by 2066.

Effective from 1 March 2018 the subordinated loan notes were waived by the Company.

15. Cash and cash equivalents

	Group 2018 £000	Group 2017 £000
Cash at bank and in hand	7,505	7,515
	7,505	7,515

16. Creditors: Amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Index linked senior secured notes	3,021	2,874	-	-
Trade creditors	4	31	-	-
Amounts owed to group undertakings	122	119	10	-
Other taxation and social security	4	-	-	-
Accruals and deferred income	1,264	1,393	-	-
	4,415	4,417	10	-

The amounts owed to group undertakings are repayable on demand and not subject to interest.

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17. Creditors: Amounts falling due after more than one year

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Subordinated loan notes	34,723	31,177	34,723	31,177
Index linked senior secured notes	114,726	112,892	-	-
	149,449	144,069	34,723	31,177

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. Loans

Senior debt

On 4 July 2014 the company entered into an RPI index-linked senior facility. The facility is fully amortising by August 2057 with a real interest rate of 1.792% increasing semi-annually with RPI. The notional amount of this facility was £113,816k and repayments are scheduled to commence in February 2017.

The facility above is secured under a debenture deeds. Under the terms of the debenture, the finance provider has security by way of a first legal mortgage over all estates or interests in the leasehold properties and buildings and fixtures on those properties. The finance providers also have security over all other assets of the company by way of fixed and floating charges.

Subordinated debt

The subordinated loan notes are being provided by UPP Group Limited and University of London. The loan notes are subject to the same security as the senior debt facilities but are subordinated to the right of payment of senior debt providers.

The loan notes will be repaid by 31 August 2066. They are subject to an effective interest rate of 10.35%.

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Amounts falling due within one year				
Index linked senior secured notes	3,021	2,874	-	-
	3,021	2,874	-	-
Amounts falling due 1-2 years				
Index linked senior secured notes	3,151	3,021	-	-
	3,151	3,021	-	-
Amounts falling due 2-5 years				
Index linked senior secured notes	10,012	9,746	-	-
	10,012	9,746	-	-
Amounts falling due after more than 5 years				
Subordinated loan notes	34,723	31,177	34,723	31,177
Index linked senior secured notes	101,564	100,126	-	-
	136,287	131,303	34,723	31,177
	152,471	146,944	34,723	31,177

UPP (CARTWRIGHT GARDENS) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

19. Financial instruments

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>7,536</u>	<u>4,956</u>	<u>-</u>	<u>31,170</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(152,596)</u>	<u>(147,093)</u>	<u>(34,733)</u>	<u>(31,177)</u>

Financial assets measured at amortised cost comprise cash and amounts owed by group undertakings.

Financial Liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, index linked senior debt and subordinated loan notes.

20. Share capital

	2018 £000	<i>2017 £000</i>
Allotted, called up and fully paid		
1,195,956 (2017 - 1,195,956) A Ordinary shares shares of £1.00 each	1,196	<i>1,196</i>
211,052 (2017 - 211,052) B Ordinary shares shares of £1.00 each	211	<i>211</i>
	<u>1,407</u>	<u><i>1,407</i></u>

The Ordinary shares have the rights and restrictions as set out in the amended Articles of Association of the Company.

21. Reserves

Revaluation reserve

The reserve is used to record the surplus or deficit arising on valuation of the principal asset of the group.

Profit and loss account

The reserve consists of current profit and loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

22. Controlling party

The Company is owned by UPP Group Limited and University of London.

UPP Group Limited is owed by UPP REIT Holdings Limited.

UPP REIT Holdings Limited was controlled by a 60% stake held by PGGM Vermogensbeheer BV ("PGGM"), a company incorporated in The Netherlands.

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

The smallest group of which the company is a member and for which group accounts are prepared is UPP (Cartwright Gardens) Holdings Limited.

The largest group of which the company is a member and for which group accounts are prepared is UPP REIT Holdings Limited.

Copies of the accounts can be obtained from Companies House, Cardiff CF14 3UZ, once they have been filed.

23. Related party transactions

UPP Group Limited and UPP Residential Services Limited are subsidiaries of PGGM. Therefore the directors consider that UPP Group Limited, UPP Residential Services Limited and University of London are related companies.

Group and Company

The Group incurred costs of £1,480k (2017: £1,694k) in respect to services provided by the UPP Residential Services Limited. An amount of £123k (2017: £119k) remains outstanding at the balance sheet date and is included within creditors falling due after one year.

The Group incurred costs of £130k (2017: £126k) in respect to services provided by the University of London and income of £9,688k (2017: £8,915k) in respect of services provided to the University. An amount of £nil (2017: £nil) remains outstanding at the Balance Sheet date.

The Group incurred costs of £nil (2017: £nil) in respect of services provided by UPP Group Limited. An amount of £nil (2017: £nil) remains outstanding at the balance sheet date.