

Registered No: SC222440

UPP (Aberdeen) Limited

Report and financial statements

for the period ended 31 August 2002



UPP (Aberdeen) Limited

Report and financial statements for the period ended 31 August 2002

	Pages
Directors and advisors	1
Directors' report	2-4
Independent auditors' report	5-6
Profit and Loss account	7
Balance sheet	8
Notes to the financial statements	9-16

Directors and advisors

Directors

A J Sutton
C W Crawford
C J Elliott
R S McClatchey

Secretary

Jarvis Secretaries Limited

Auditors

Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London
SE1 7EU

Registered office

Suite 7/6
Clydeaway Skypark
8 Eliot Place
Glasgow
G3 8EP

UPP (Aberdeen) Limited

Directors' report for the period ended 31 August 2002

The directors present their report and the audited financial statements for the 13 months ended 31 August 2002.

Incorporation

The company was incorporated on 22 August 2001.

Results, principal activities and review of the business

The company's sole activity is the freehold acquisition and operation of student accommodation for the University of Aberdeen at Don Street, Rosemount Hall, St Peter's Road and Linksfield Road in Aberdeen for thirty years under the University Partnership Program.

Both the level of business and the period end financial position were in accordance with the directors expectations and the directors expect that the future level of activity and profitability will be in accordance with their expectations.

On 29 March 2002, the company's share capital was transferred to Jarvis UPP Holdings Limited, a joint venture between Jarvis plc, Barclays Infrastructure Limited and Barclays European Infrastructure Limited.

On 3 May 2002, the company restructured its financing arrangement by repaying both the senior and subordinated loans. This was financed via a loan facility with Jarvis UPP Holdings Limited.

The loss for the period attributable to shareholders and reported in the financial statements is £1,370,000.

Dividend

The directors are unable to propose the payment of a dividend.

Directors and their interests

The directors of the company during the period were:

C W Crawford	Appointed 14 September 2001
C J Elliott	Appointed 14 September 2001
R S McClatchey	Appointed 14 September 2001
A J Sutton	Appointed 22 August 2001

At 31 August 2002, none of the directors had any beneficial interest in the shares of the company.

UPP (Aberdeen) Limited

Directors' report for the period ended 31 August 2002 (continued)

Employee involvement

The directors attach the greatest importance to the development of employee involvement throughout the company based on good communication and working relationships. Consultation takes place through normal regular management contacts and in meetings with all levels of employees to assist the employees in developing their awareness of the financial and economic factors which affect the business and performance of the company.

Creditor payment policy

When entering into commitments for the purchase of services and goods the company gives due consideration to quality, price and the terms of payment. Suppliers are made aware of these terms. The company abides by these terms where it is satisfied that suppliers have provided the services or goods in accordance with such agreed terms and conditions. In the event of disputes, every effort is made to resolve these quickly.

Statement of directors responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required:

- to select suitable accounting policies and then apply them consistently
- to make judgements and estimates that are reasonable and prudent
- to prepare financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the financial statements comply with these requirements.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

UPP (Aberdeen) Limited

Directors' report for the period ended 31 August 2002 (continued)

Auditors

Ernst & Young LLP were appointed as the company's auditor on 14 September 2001. Having passed elective resolutions of the shareholders at an extraordinary general meeting the company is exempt from the obligation to annually re-appoint auditors and to hold annual general meetings. Accordingly the board recommend that Ernst & Young LLP continue in office as auditors to the company.

By order of the board



FOR AND ON BEHALF OF
Jarvis Secretaries Limited

Secretary

25th June 2003

UPP (Aberdeen) Limited

Independent auditors' report to the members of UPP (Aberdeen) Limited

We have audited the company's financial statements for the period ended 31 August 2002, which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 17. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

UPP (Aberdeen) Limited

Independent auditors' report to the members of UPP (Aberdeen) Limited (continued)

Basis of audit opinion (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 August 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

25 June

2003

UPP (Aberdeen) Limited

Profit and loss account for the period ended 31 August 2002

	Notes	Period ended 31 August 2002 £'000
Turnover	2	1,527
Cost of sales		<u>(343)</u>
Gross profit		1,184
Net operating expenses		(224)
Exceptional items	6	<u>(1,127)</u>
Operating profit		(167)
Interest receivable and similar income	7	47
Interest payable and similar charges	8	<u>(1,250)</u>
Loss on ordinary activities before taxation		(1,370)
Taxation	9	<u>-</u>
Retained loss for the period		<u>(1,370)</u>

The above results all relate to continuing operations.

The company has no recognised gains and losses other than the loss for the period ended 31 August 2002 above and therefore no separate statement of total recognised gains and losses has been presented.

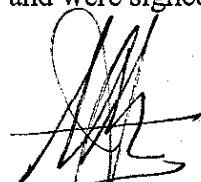
There is no material difference between the retained loss for the period stated above and the historical cost equivalent.

UPP (Aberdeen) Limited

Balance sheet at 31 August 2002

	Notes	31 August 2002 £'000
Fixed assets		
Tangible assets	10	15,443
Current assets		
Debtors: amounts falling due within one year	11	202
Cash at bank and in hand		1,190
		<u>1,392</u>
Creditors: amounts falling due within one year	12	(1,089)
Net current assets		<u>303</u>
Total assets less current liabilities		15,746
Creditors: amounts falling due after more than one year	13	(16,946)
Net liabilities		<u>(1,200)</u>
Capital and reserves		
Called up share capital	14	170
Profit and loss account	15	(1,370)
Equity shareholders' funds	15	<u>(1,200)</u>

The financial statements on pages 7 to 16 were approved by the board on 25 June 2003 and were signed on its behalf by:



A J SUTTON
DIRECTOR



R S McCLATCHEY
DIRECTOR

UPP (Aberdeen) Limited

Notes to the financial statements for the period ended 31 August 2002

1 Principal accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985. The company's shareholders have confirmed their intention to provide continuing financial support and accordingly the financial statements have been drawn up on a going concern basis.

(b) Cash flow statement

The company has taken advantage of the exemption available under Financial Reporting Standard No.1 (revised) and has not prepared a cash flow statement.

(c) Tangible fixed assets

Freehold properties are stated at purchase cost, less accumulated depreciation. Depreciation is calculated so as to write off the cost of tangible fixed assets, less any residual value, over the expected useful economic lives of the assets concerned. The principal rates of depreciation used for this purpose are:

Freehold Land & Buildings	annuity method over a period of 30 years
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(d) Debt issue costs

The debt issue costs incurred have been offset against the debt and will be charged to the profit and loss account at a constant rate on the carrying value of the debt.

(e) Taxation

(i) Current tax

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

(ii) Deferred tax

The charge for deferred tax incorporates the requirements of FRS 19 (Deferred Tax) which is mandatory for all accounting periods ending on or after 23 January 2002. Full provision has been made for deferred taxation in respect of timing differences that have originated, but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future by the balance sheet date except that:

- Provision is made for gains on disposal of assets that have been rolled over into replacement assets.
- Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

UPP (Aberdeen) Limited

Notes to the financial statements for the period ended 31 August 2002

- (e) **Taxation (continued)**
 - (ii) **Deferred tax (continued)**

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on the tax rates enacted at the balance sheet date.

- (e) **Related party transactions**

The company is a wholly owned subsidiary undertaking of Jarvis UPP Holdings Ltd and as such the company has taken advantage under the terms of Financial Reporting Standard No.8 not to disclose related party transactions which are eliminated on consolidation.

- (f) **Pensions**

Contributions to employees' personal pension arrangements during the period are charged to the profit and loss account as incurred. Details of the pension arrangements are given in note 5.

2 **Turnover**

Turnover represents income, excluding VAT, attributed to the provision of student accommodation.

3 **Directors' remuneration**

The remuneration of the directors is paid by the controlling parties and their services to this company are of a non-executive nature. Their remuneration is deemed to be wholly attributable to their services to the respective controlling company.

4 **Audit fees**

The audit fees for the period ended 31 August 2002 were borne by a company within the Jarvis Group with an appropriate amount being recharged to other parties.

UPP (Aberdeen) Limited

Notes to the financial statements (continued) for the period ended 31 August 2002

5 Employee Information

The average number of persons employed by the company during the period was as follows:

	2002 Number
Site manager (full time)	1
Administration, maintenance and cleaning (full and part time)	6
	<u>7</u>

The employment costs of all employees included above were:

	Period ended 31 August 2002 £'000
Wages and salaries	60
Social security costs	6
	<u>66</u>

For eligible employees, contributions are made to employees' personal pension schemes, based on a predetermined percentage of individual salaries.

6 Exceptional item

	Period ended 31 August 2002 £'000
Loan issue costs	276
Impairment of tangible fixed assets (see note 10)	851
	<u>1,127</u>

On 3 May 2002, the company restructured its financing arrangements by repaying its senior and subordinated loans. The issue costs incurred in connection with the loans, which had previously been offset against the loan proceeds, have been charged to the profit and loss account and separately identified.

7 Interest receivable and similar income

	Period ended 31 August 2002 £'000
Interest on term deposits	38
Interest income from immediate parent undertaking	9
	<u>47</u>

UPP (Aberdeen) Limited

Notes to the financial statements (continued) for the period ended 31 August 2002

8 Interest payable and similar charges

	Period ended 31 August 2002 £'000
Amortisation of issue costs	72
Interest payable on senior debt	618
Interest payable on subordinated debt	70
Interest payable on loan from immediate parent undertaking	490
	<u>1,250</u>

9 Tax on loss on ordinary activities

	Year Ended 31 August 2002 £'000
a) Analysis of credit for the year	
<i>Current tax:</i>	
Current tax on income for the year	-
Adjustments to tax charge in respect of previous years	-
Tax on loss on ordinary activities	<u>-</u>

b) Factors affecting tax credit for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year Ended 31 August 2002 £'000
Loss on ordinary activities before tax	<u>(1,370)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001: 30%)	(411)
<i>Effects of:</i>	
Expenses not deductible for tax purposes	277
Unutilised tax losses	134
Current tax credit for the year	<u>-</u>

(c) Factors that may affect future tax charges

A deferred tax asset of £134,000 has not been recognised at 31 August 2002. This asset has not been recognised owing to uncertainty of taxable profits in the foreseeable future from which the future reversal of the timing difference can be deducted.

UPP (Aberdeen) Limited

Notes to the financial statements (continued) for the period ended 31 August 2002

10 Tangible fixed assets

31 August 2002
Land and buildings
£'000

Cost:

At 22 August 2001

-

Additions

16,436

At 31 August 2002

16,436

Depreciation:

At 22 August 2001

-

Charge for the year

(993)

At 31 August 2002

(993)

Net book value

At 31 August 2002

15,443

In accordance with FRS 11, following an impairment review during the year, fixed assets were impaired by an amount of £851,000.

11 Debtors: amounts falling due within one year

31 August 2002

Trade debtors

7

Prepayments and accrued income

195

202

12 Creditors: amounts falling due within one year

31 August 2002

£'000

Loan from immediate parent undertaking

523

Trade creditors

21

Accruals and deferred income

128

Amounts owed to joint venture partners and their subsidiaries

417

1,089

UPP (Aberdeen) Limited

Notes to the financial statements (continued) for the period ended 31 August 2002

13 Creditors: amounts falling due after more than one year

31 August 2002

£'000

Loan from immediate parent undertaking	20,034
Less: creditors falling due within one year	(523)
	<u>19,511</u>
Less: unamortised issue costs	(2,565)
	<u>16,946</u>

Maturity of debt

31 August 2002

£'000

In one year or less	523
In more than one year but less than two years	4
In more than two years but less than five years	2,821
In more than five years	16,686
	<u>20,034</u>

Less: creditors falling due within one year	(523)
	<u>19,511</u>

Less: unamortised issue costs	(2,565)
	<u>16,946</u>

Loan from immediate parent undertaking

The loan is repayable by 31 August 2031 with principal repayments commencing on 30 November 2002. Interest is fixed at a rate of 6.78%.

The immediate parent company has arranged debt facilities with an external lender on broadly similar terms to those agreed with the company. Under the terms of these facilities the external lender has security over all assets of the company by way of fixed and floating charges.

UPP (Aberdeen) Limited

Notes to the financial statements (continued) for the period ended 31 August 2002

14 Called up share capital

31 August 2002

£

Authorised

A Ordinary shares of £1 each	84,950
B Ordinary shares of £1 each	84,950
	<u>169,900</u>

Allotted, called up and fully paid:

A Ordinary shares of £1 each	84,950
B Ordinary shares of £1 each	84,950
	<u>169,900</u>

“A” and “B” shares rank pari passu in all respects.

15 Reconciliation of movements on shareholders' funds

	Share Capital	Profit and Loss Account	Total shareholders' funds
	£'000	£'000	£'000
Opening shareholders' funds	-	-	-
Share capital issued	170	-	170
Loss for the period	-	(1,370)	(1,370)
Closing shareholders' funds	<u>170</u>	<u>(1,370)</u>	<u>(1,200)</u>

16 Parent undertaking and controlling party

The company's immediate parent undertaking is Jarvis UPP Holdings Limited, a joint venture between Jarvis plc, Barclays Infrastructure Limited (acting in its capacity as general partner of the Barclays UK Infrastructure Fund) and Barclays European Infrastructure Limited (acting in its capacity as general partner of the Barclays European Infrastructure Fund).

There is no ultimate controlling party.

UPP (Aberdeen) Limited

Notes to the financial statements (continued) for the period ended 31 August 2002

17 *Related party transactions*

The company incurred £1,673,000 for services provided by Jarvis plc and subsidiary companies. An amount of £332,000 remains outstanding at the balance sheet date to Jarvis plc and subsidiary companies and is included within creditors falling due within one year.

The company incurred £85,000 for services provided by Barclays Bank plc and subsidiary companies and this amount remains outstanding at the balance sheet date, and is included within creditors falling due within one year.