

UPP (Aberdeen) Limited
Report and financial statements
for the year ended 31 August 2003



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UPP (Aberdeen) Limited

Report and financial statements for the year ended 31 August 2003

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UPP (Aberdeen) Limited

Directors and advisors

Directors

C W Crawford
R S McClatchey
R N Johnson
A E Birch

Secretary

Secretariat Services Limited

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered office

50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

UPP (Aberdeen) Limited

Directors' report for the year ended 31 August 2003

The directors present their report and the audited financial statements for the year ended 31 August 2003.

Results, principal activities and review of business

The company's principal activity is the operation of student feuhold accommodation and the provision of related facilities management services for the University of Aberdeen at Don Street, Rosemount Hall, St Peter's Road and Linkfield Road in Aberdeen.

Both the level of business and the year end financial position were below the directors expectations. The directors have subsequently reviewed the causes and implications of the company's unsatisfactory performance. As a consequence the directors have decided to revise the lettings periods and rent levels in order to improve occupancy in future years. This results in a reassessment of future returns and the write-down of the fixed asset as set out in Note 11.

The loss for the year attributable to shareholders and reported in the financial statements is £8,018,000 (2002: loss £1,370,000).

Post balance sheet events

On 31 March 2004, the ownership of 50% of the ordinary shares of the company's immediate parent undertaking, UPP Holdings Limited, changed such that UPP Holdings Limited is now owned by UPP Investments Limited, 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).

Dividend

The directors are unable to propose the payment of a dividend (2002:£Nil).

Directors and their interests

The directors holding office during the year were:

C W Crawford	
C J Elliott	(resigned 2 December 2003)
R S McClatchey	
A J Sutton	(resigned 11 February 2004)
R N Johnson	(appointed 11 February 2004)
A E Birch	(appointed 2 July 2003, alternate director to A J Sutton, resigned 11 February 2004; re-appointed 11 February 2004, alternate director to R N Johnson)

At 31 August 2003, none of the directors had any beneficial interest in the shares of the company.

UPP (Aberdeen) Limited

Directors' report (continued) for the year ended 31 August 2003

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 terms

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 year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. 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; and
- 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.

Auditors

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

By order of the board



A E Birch

Director

30th April 2004

UPP (Aberdeen) Limited

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

We have audited the company's financial statements for the year ended 31 August 2003, which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 18. 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.

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.

UPP (Aberdeen) Limited

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

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

**Ernst & Young LLP
Registered Auditor
London**

30 April 2004

UPP (Aberdeen) Limited

Profit and loss account for the year ended 31 August 2003

	Notes	Year ended 31 August 2003 £'000	Period ended 31 August 2002 £'000
Turnover	2	1,547	1,527
Cost of sales		<u>(516)</u>	<u>(343)</u>
Gross profit		1,031	1,184
Operating expenses		(383)	(224)
Exceptional item	7	<u>(7,110)</u>	<u>(1,127)</u>
Operating profit/(loss)		(6,462)	(167)
Interest receivable and similar income	8	18	47
Interest payable and similar charges	9	<u>(1,574)</u>	<u>(1,250)</u>
Loss on ordinary activities before taxation		(8,018)	(1,370)
Tax on loss on ordinary activities	10	-	-
Retained loss for the year		<u>(8,018)</u>	<u>(1,370)</u>

The above results all relate to continuing operations.

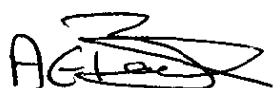
The company has no recognised gains and losses other than the loss for the year ended 31 August 2003 and the loss for the period ended 31 August 2002 and therefore no separate statement of total recognised gains and losses has been presented.

UPP (Aberdeen) Limited

Balance sheet at 31 August 2003

	Notes	31 August 2003 £'000	31 August 2002 £'000
Fixed assets			
Tangible assets	11	8,188	15,443
Current assets			
Debtors: amounts falling due within one year	12	151	202
Cash at bank and in hand		<u>767</u>	<u>1,190</u>
		918	1,392
Creditors: amounts falling due within one year	13	<u>(1,240)</u>	<u>(1,089)</u>
Net current (liabilities)/assets		(322)	303
Creditors: amounts falling due after more than one year	14	(17,084)	(16,946)
		<u>(9,218)</u>	<u>(1,200)</u>
Capital and reserves			
Called up share capital	15	170	170
Profit and loss account	16	<u>(9,388)</u>	<u>(1,370)</u>
Equity shareholders' funds	16	<u>(9,218)</u>	<u>(1,200)</u>

The financial statements on pages 6 to 16 were approved by the board on 30th April 2004 and were signed on its behalf by:



A E Birch
Director



R S McClatchey
Director

UPP (Aberdeen) Limited

Notes to the financial statements for the year ended 31 August 2003

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

(d) Taxation

(i) Current tax

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

(ii) Deferred tax

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

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

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

UPP (Aberdeen) Limited

Notes to the financial statements (continued) for the year ended 31 August 2003

(e) Debt issue costs

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

(f) Related party transactions

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

(g) Pensions

Contributions to employees' personal pension arrangements during the year are charged to the profit and loss account as incurred. Details of the pension arrangements are given in note 6.

2. Turnover

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

3. Directors' remuneration

The directors received £nil (2002-£nil) in respect of services performed in connection with the management of the affairs of this company.

4. Audit fees

The audit fees for the year ended 31 August 2003 were borne by a company within the Jarvis Group with an appropriate amount being recharged to other parties.

5. Employee information

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

	2003 Number	2002 Number
Site manager (full time)	1	1
Administration, maintenance and cleaning (full and part time)	5	6
	<u>6</u>	<u>7</u>

UPP (Aberdeen) Limited

Notes to the financial statements (continued) for the year ended 31 August 2003

5. Employee information (continued)

The employment costs of all employees included above were:

	Year ended 31 August 2003 £'000	Period ended 31 August 2002 £'000
Wages and salaries	69	60
Social security costs	7	6
Other pension costs	3	-
	<u>79</u>	<u>66</u>

6. Pension arrangements

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

7. Exceptional item

	Year ended 31 August 2003	Period ended 31 August 2002 £'000
Loan issue costs	-	276
Impairment of tangible fixed assets (see note 11)	7,110	851
	<u>7,110</u>	<u>1,127</u>

During the year ended 31 August 2003, following an impairment review in accordance with FRS 11, fixed assets were written down by £7,110,000 (2002 - £851,000).

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, were charged to the profit and loss account and separately identified in the prior period.

UPP (Aberdeen) Limited

Notes to the financial statements (continued) for the year ended 31 August 2003

8. Interest receivable and similar income

	Year Ended 31 August 2003 £'000	Period Ended 31 August 2002 £'000
Interest from bank	18	38
Interest income from immediate parent undertaking	-	9
	<u>18</u>	<u>47</u>

9. Interest payable and similar charges

	Year Ended 31 August 2003 £'000	Period Ended 31 August 2002 £'000
Amortisation of commitment and issue costs	225	72
Interest payable on loan from immediate parent undertaking	1,349	490
Interest payable on senior debt	-	618
Interest payable on subordinated debt	-	70
	<u>1,574</u>	<u>1,250</u>

10. Tax on loss on ordinary activities

	Year Ended 31 August 2003 £'000	Period Ended 31 August 2002 £'000
a) Analysis of (credit)/charge for the year		
<i>Current tax:</i>		
Current tax on income for the year	-	-
Adjustments to tax charge in respect of prior periods	-	-
Total current tax (note 10b)	<u>-</u>	<u>-</u>
<i>Deferred tax:</i>		
Current year	-	-
Adjustment in respect of prior periods	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

UPP (Aberdeen) Limited

Notes to the financial statements (continued) for the year ended 31 August 2003

10. Tax on (loss)/profit on ordinary activities (continued)

b) Factors affecting current tax (credit)/charge

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 2003 £'000	Period Ended 31 August 2002 £'000
Loss on ordinary activities before tax	<u>(8,018)</u>	<u>(1,370)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	(2,405)	(411)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2,176	277
Other timing differences	(14)	-
Unutilised tax losses	<u>243</u>	<u>134</u>
Current tax (credit)/charge for the year	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

A deferred tax asset of £345,000 (2002: £134,000) in respect of available tax losses has not been recognised at 31 August 2003. This is due to there being no persuasive and reliable evidence available at this time of suitable profits to offset these losses.

UPP (Aberdeen) Limited

Notes to the financial statements (continued) for the year ended 31 August 2003

11. Tangible fixed assets	31 August 2003
	Freehold land and buildings £'000
Cost:	
At 1 September 2002	16,436
Additions	-
At 31 August 2003	<u>16,436</u>
Depreciation:	
At 1 September 2002	(993)
Charge for the year (including impairment)	(7,255)
At 31 August 2003	<u>(8,248)</u>
Net book value	
At 31 August 2003	<u>8,188</u>
At 31 August 2002	<u>15,443</u>

During the year ended 31 August 2003, following an impairment review in accordance with FRS 11, fixed assets were written down by £7,110,000 (2002 - £851,000).

12. Debtors: amounts falling due within one year	31 August 2003	31 August 2002
	£'000	£'000
Trade debtors	18	7
Prepayments & accrued income	133	195
	<u>151</u>	<u>202</u>

UPP (Aberdeen) Limited

Notes to the financial statements (continued) for the year ended 31 August 2003

13. Creditors: amounts falling due within one year

	31 August 2003 £'000	31 August 2002 £'000
Amounts due to immediate parent undertaking	775	480
Loan from immediate parent undertaking	4	43
Trade creditors	2	21
Amounts owed to related parties	383	417
Accruals	76	128
	<u>1,240</u>	<u>1,089</u>

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

	31 August 2003 £'000	31 August 2002 £'000
Loan from immediate parent undertaking	19,510	19,554
Less: creditors falling due within one year	<u>(4)</u>	<u>(43)</u>
	19,506	19,551
Less: unamortised issue costs	<u>(2,422)</u>	<u>(2,565)</u>
	<u>17,084</u>	<u>16,946</u>

UPP (Aberdeen) Limited

Notes to the financial statements (continued) for the year ended 31 August 2003

14. Creditors: amounts falling due after more than one year (continued)

	31 August 2003 £'000	31 August 2002 £'000
Maturity of debt		
In one year or less	4	43
In more than one year but less than two years	2,313	4
In more than two years but less than five years	858	2,821
In more than five years	16,335	16,686
	<u>19,510</u>	<u>19,554</u>
Less: creditors falling due within one year	(4)	(43)
	<u>19,506</u>	<u>19,511</u>
Less: unamortised issue costs	(2,422)	(2,565)
	<u>17,084</u>	<u>16,946</u>

Loan from immediate parent undertaking

The loan is repayable by 31 August 2031 with principal repayments having commenced 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.

15. Share capital

	31 August 2003	31 August 2002
Authorised		
84,950 A Ordinary shares of £1 each	84,950	84,950
84,950 B Ordinary shares of £1 each	84,950	84,950
	<u>169,900</u>	<u>169,900</u>
Allotted, called up and fully paid		
84,950 A Ordinary shares of £1 each	84,950	84,950
84,950 B Ordinary shares of £1 each	84,950	84,950
	<u>169,900</u>	<u>169,900</u>

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

UPP (Aberdeen) Limited

Notes to the financial statements (continued) for the year ended 31 August 2003

16. Reconciliation of shareholders' funds and movement on reserves

	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)
At 31 August 2002	170	(1,370)	(1,200)
Loss for the year	-	(8,018)	(8,018)
At 31 August 2003	170	(9,388)	(9,218)

17. Parent undertaking and controlling party

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

UPP Holdings Limited is owned by UPP Investments Limited, 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). These companies own the issued share capital and exercise joint control over UPP Holdings Limited.

In the directors' opinion there is no ultimate controlling party.

18. Related party transactions

The company incurred costs of £210,000 (2002:£1,673,000) in respect of services provided by Jarvis plc and subsidiary companies. An amount of £374,000 (2002:£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 costs of £Nil (2002:£85,000) in respect of services provided by Barclays Bank plc and subsidiary companies. An amount of £nil (2002:£85,000) remains outstanding at the balance sheet date, and is included within creditors falling due within one year.