
UPP BOND 1 HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

UPP BOND 1 HOLDINGS LIMITED

COMPANY INFORMATION

Directors	J Benkel S O'Shea SFM Directors Limited R Bienfait
Company secretary	J Benkel
Registered number	08253967
Registered office	40 Gracechurch Street London EC3V 0BT
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Milton Keynes

UPP BOND 1 HOLDINGS LIMITED

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UPP BOND 1 HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2016

Business review

The Company was incorporated on 15 October 2012 and incorporated wholly owned subsidiaries UPP Bond 1 Issuer plc and UPP Bond 1 Limited on 16 October 2012. The company commenced trading on 5 March 2013 when its subsidiary undertaking, UPP Bond 1 Limited, acquired the entire issued share capital in UPP (Alcuin) Limited, UPP (Broadgate Park) Holdings Limited, UPP (Kent Student Accommodation) Limited, UPP (Nottingham) Ltd, UPP (Oxford Brookes) Limited and UPP (Plymouth Three) Limited. On 9 December 2014 UPP Bond 1 Limited acquired the entire issued share capital in UPP (Exeter) Limited.

The principal activity of these subsidiary undertakings is the operation and management of 11,693 (2015: 11,673) student accommodation rooms owned by the companies listed above. An additional 20 rooms were completed at the site at Oxford Brookes University ahead of the 2016/17 academic year.

The directors anticipate that the future level of activity in the seven companies detailed above will be in accordance with their expectations and consider that they will yield returns in line with current forecasts.

Consolidated financial statements are not produced as the results of all of its subsidiary undertakings are included within the consolidated financial statements of the ultimate parent company, UPP Group Holdings Limited. Therefore these financial statements contain information about the entity only.

Both the level of business 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.

UPP BOND 1 HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

Principal risks and uncertainties

Financial risk management objectives and policies

The Company uses various financial instruments including intra-group loans from its parent company, intra-group loans to its subsidiary undertaking and equity investments. The main purpose of these financial instruments is to raise finance for the subsidiary undertakings operations. All of the company's financial instruments are of sterling denomination and the company does not trade in financial instruments or derivatives.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Company finances its operations through intra-group borrowings from its parent company. Interest on the intra-group borrowings is fixed and at commercial rates. These funds are on-lent by way of intra-group borrowings to its subsidiary undertaking broadly on the same terms as the borrowings from its parent company.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and debt servicing.

Demand risk

The Company is subjected to risks arising from occupancy voids and no nominations by the university partners which can lead to uncertain revenues. This risk is managed by maintaining strong 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 are in the student market and reduced student numbers could impact upon financial performance. The Company seeks to mitigate this risk by building excellent long term relationships with each university partners and ensuring up to date in depth market analysis is completed each year to enable the company to review its strategic position.

UPP BOND 1 HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

Financial key performance indicators

The Company's principal activity is that of a holding company providing funding to seven fellow group undertakings by way of subordinated loan notes. The performance of these group undertakings is critical to the ability of this company to service its own debt commitments.

These fellow group undertakings all provide student accommodation and use rental income received to service the cost of these on-loans.

The following are considered by the directors to be indicators of average performance of these fellow group undertakings that are not necessarily evident from the financial statements.

	2015/16	2014/15
Average Applications : Acceptance ratio	5.69:1	5.79:1
Average core demand pool (no. of students)	14,093	14,077

The indicators above are directly related to performance of the relevant university partners of these fellow group undertakings and any changes in these statistics may potentially affect the performance of that company and in turn, the economic viability of this company.

The directors also monitor the occupancy levels of the student accommodation facilities across the seven companies.

	2015/16	2014/15
Average occupancy across the facilities	99.5%	99.7%

The target occupancy level across the facilities is 98-99%, as such the directors are satisfied that the movements noted above are within tolerable limits for the recovery of credit extended to these group undertakings.

Other financial key performance indicators, such as debt service cover ratio, relate to financial covenants on the associated senior debt financial instruments. All of the financial covenants have been met during the financial year.

This report was approved by the board on 12 December 2016 and signed on its behalf.



R Bienfait
Director

UPP BOND 1 HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2016

The directors present their annual report and the financial statements for the year ended 31 August 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity of the business

The Company's principal activity is of a holding company for its subsidiary undertakings.

Financial risk management objectives and policies

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

Results and dividends

The profit for the year, after taxation, amounted to £3k (2015 - £2k).

The directors did not declare any dividends for the year (2015: nil).

UPP BOND 1 HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016**

Directors

The directors who served during the year were:

J Benkel
S O'Shea
SFM Directors Limited
G Behr (resigned 10 May 2016)

The following director was appointed after the year end:

R Bienfait (appointed 23 November 2016)

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 each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be 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 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 12 December 2016 and signed on its behalf.



R Bienfait
Director

UPP BOND 1 HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UPP BOND 1 HOLDINGS LIMITED

We have audited the financial statements of UPP Bond 1 Holdings Limited for the year ended 31 August 2016, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Independent Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements.

UPP BOND 1 HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UPP BOND 1 HOLDINGS LIMITED
(CONTINUED)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Giles Mullins (Senior Statutory Auditor)

for and on behalf of
Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor

Milton Keynes

12 December 2016

UPP BOND 1 HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £000
Interest receivable and similar income	5	16,457	14,283
Interest payable and expenses	6	(16,454)	(14,281)
Profit before tax		<u>3</u>	<u>2</u>
Tax on profit	7	-	-
Profit for the year		<u><u>3</u></u>	<u><u>2</u></u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 12 to 21 form part of these financial statements.

UPP BOND 1 HOLDINGS LIMITED
REGISTERED NUMBER: 08253967

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Investments	8		55,570		55,570
			<u>55,570</u>		<u>55,570</u>
Current assets					
Debtors: amounts falling due after more than one year	9	176,236		168,433	
		<u>176,236</u>		<u>168,433</u>	
Total assets less current liabilities			231,806		224,003
Creditors: amounts falling due after more than one year	10		(176,228)		(168,428)
Net assets			<u>55,578</u>		<u>55,575</u>
Capital and reserves					
Called up share capital	12		55,570		55,570
Profit and loss account	13		8		5
			<u>55,578</u>		<u>55,575</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 December 2016.



R Bienfait

Director



J Benkel

Director

The notes on pages 12 to 21 form part of these financial statements.

UPP BOND 1 HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2016**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 September 2015	55,570	5	55,575
Profit for the year	-	3	3
At 31 August 2016	55,570	8	55,578

The notes on pages 13 to 22 form part of these financial statements.

UPP BOND 1 HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2015

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 September 2014	55,570	3	55,573
Profit for the year	-	2	2
At 31 August 2015	<u>55,570</u>	<u>5</u>	<u>55,575</u>

The notes on pages 12 to 21 form part of these financial statements.

UPP BOND 1 HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. General information

UPP Bond 1 Holdings Limited is a private limited company incorporated in England. 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 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.

Information on the impact of first-time adoption of FRS 102 is given in note 15.

The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 September 2014 and this is the first period in which the financial statements have been prepared under FRS 102. The transition to FRS 102 has resulted in a number of changes in accounting policies to those used previously. The nature of these changes and their impact on opening equity and loss for the comparative period are explained in note 15.

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

The Company has taken advantage of the disclosure exemption allowed under FRS 102 not to comply with Section 7 Statement of Cash Flows and it has not presented its own Statement of Cash Flows in these financial statements.

The Company has also taken advantage the requirements of Section 33 Related Party Disclosures paragraph 33.7 not to disclose key management personal or auditor remuneration.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

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

2.3 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

2. Accounting policies (continued)

2.4 Interest bearing loans and borrowings

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.

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.

2.5 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 income statement 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.

2.6 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.

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.8 Related party transactions

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

UPP BOND 1 HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

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 areas involving the most sensitive estimates and assumptions that are significant to the financial statements are set out below:

Impairment of non-financial assets

The Company assesses at each reporting date whether an asset may be impaired. If any such indication exists the Company estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through impairment in profit and loss, unless the asset is carried at a revalued amount where the impairment loss of a re-valued asset is a revaluation decrease.

An impairment loss recognised is reversed for all assets and is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

4. Operating profit / loss

The Auditor's remuneration are borne by its subsidiary company UPP Bond I Limited

During the year, no director received any emoluments (2015 - £NIL).

5. Interest receivable

	2016 £000	2015 £000
Interest from unsecured loan notes	16,457	14,283
	<u>16,457</u>	<u>14,283</u>

UPP BOND 1 HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

6. Interest payable and similar charges

	2016	2015
	£000	£000
Interest due on unsecured loan notes	16,454	14,281
	16,454	14,281

Interest due on unsecured loan notes is payable to UPP Group Limited.

7. Taxation

	2016	2015
	£000	£000
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - *higher than*) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016	2015
	£000	£000
Profit on ordinary activities before tax	3	2
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	1	-
	1	-
Effects of:		
Expenses disallowable for tax purposes	1,639	960
Non-taxable income	(1,640)	(960)
Total tax charge for the year	-	-

UPP BOND 1 HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

7. Taxation (continued)

Factors that may affect future tax charges

The deferred tax has been recognised at a rate of 18% which was substantively enacted in Finance Bill 2015.

There will be a reduction in corporation tax rate from the current 20% rate to 19% from 1 April 2017 and then to 18% from 1 April 2020.

8. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 September 2015	55,570
At 31 August 2016	55,570
Net book value	
At 31 August 2016	55,570
At 31 August 2015	55,570

Subsidiary undertakings

The company ultimately owns 100% of the issued ordinary share capital in the companies listed below. All of these companies are registered in England and Wales.

Name	Country of incorporation	Class of shares	Holding	Principal activity
UPP (Alcuin) Limited	UK	Ordinary	100 %	Provision of student accommodation
UPP (Broadgate Park) Holdings Limited	UK	Ordinary	100 %	Provision of student accommodation
UPP (Kent Student Accommodation) Limited	UK	Ordinary	100 %	Provision of student accommodation
UPP (Nottingham) Ltd	UK	Ordinary	100 %	Provision of student accommodation
UPP (Oxford Brookes) Limited	UK	Ordinary	100 %	Provision of student accommodation

UPP BOND 1 HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

8. Fixed asset investments (continued)

UPP (Plymouth Three) Limited	UK	Ordinary	100 % Provision of student accommodation
UPP (Exeter) Limited	UK	Ordinary	100 % Provision of student accommodation
UPP Bond 1 Issuer plc	UK	Ordinary	100 % Financing company
UPP Bond 1 Limited	UK	Ordinary	100 % Treasury management company

9. Debtors

Due after more than one year

Amounts owed by group undertakings	176,236	168,433
	<u>176,236</u>	<u>168,433</u>

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

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

	2016	2015
	£000	£000
Unsecured loan notes	176,228	168,428
	<u>176,228</u>	<u>168,428</u>

Unsecured loan notes

UPP Group Limited provided unsecured loan notes of £125,361,000 to the company on 5 March 2013. An additional amount of £21,308,000 was provided for on 9 December 2014.

These loan notes bear interest at 13.5% and are repayable between 2048 and 2057. Payment of interest is subject to the group passing lock up tests and availability of cash reserves.

The entire loan is repayable in more than five years.

UPP BOND 1 HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

11. Financial instruments

	2016 £000	2015 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	176,235	168,432
	<u>176,235</u>	<u>168,432</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(176,228)	(168,428)
	<u>(176,228)</u>	<u>(168,428)</u>

Financial assets measured at amortised cost comprise amounts owed from group undertakings.

Financial Liabilities measured at amortised cost comprise unsecured loan notes.

12. Share capital

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
55,570,409 Ordinary shares of £1 each	55,570	55,570
	<u>55,570</u>	<u>55,570</u>

13. Reserves

Profit and loss account

The reserve consists of current and prior years profit and loss.

UPP BOND 1 HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

14. Controlling party

The company is wholly owned by UPP Group Limited, a company itself a wholly owned subsidiary of UPP Group Holdings Limited.

UPP Group Holdings Limited is 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 parent undertaking of the smallest and largest group of which the company is a member and for which group accounts are prepared is UPP Group Holdings Limited.

Copies of the accounts can be obtained from Companies House, Cardiff CF4 3UZ, once they have been filed.

UPP BOND 1 HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

15. First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 September 2014. The impact of the transition to FRS 102 is as follows:

Reconciliation of equity at 1 September 2014

	Note	£000
Equity at 1 September 2014 under previous UK GAAP		56,038
Unsecured loan notes at amortised cost		(465)
Equity shareholders funds at 1 September 2014 under FRS 102		55,573

Reconciliation of equity at 31 August 2015

	Note	£000
Equity at 31 August 2015 under previous UK GAAP		56,390
Unsecured loan notes at amortised cost		(815)
Equity shareholders funds at 31 August 2015 under FRS 102		55,575

Reconciliation of profit and loss account for the year ended 31 August 2015

	£000
Profit for the year under UK GAAP	352
Unsecured loan notes at amortised cost	(350)
Profit for the year ended 31 August 2015 under FRS 102	2

The following were changes in accounting policies arising from the transition to FRS 102:

1 Amortised cost for financial liabilities

Under FRS 102, basic financial instruments are measured at amortised cost using the effective interest method, with interest expense recognised on the basis of the effective interest method. Under the previous UK GAAP, UPP had a policy of amortising its long term debt instruments using a 'constant' rate method which resulted in different carrying values for the debt instruments. Consequently, on adoption of FRS 102, the following adjustment was made to the carrying values of the Company long term debt instruments as at 1 September 2014, the unsecured loan notes had an increase of the liability by £465k at 1 September 2014, leading to an increase of £815k in year ended August 2015.

UPP BOND 1 HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

16. Transitional relief

On transition to FRS 102 from previous UK GAAP, the group has taken advantage of transitional relief as follows:

Investments in subsidiaries

The Company has elected to treat the carrying amount of investments in subsidiaries under previous UK GAAP at the date of transition as deemed cost on transition to FRS 102.