

Registered number: 04647260

UPP (BROADGATE PARK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

UPP (BROADGATE PARK) LIMITED

COMPANY INFORMATION

Directors	R Bailey-Watts J Benkel S O'Shea J Wakeford R Bienfait
Company secretary	J Benkel
Registered number	04647260
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 (BROADGATE PARK) LIMITED

CONTENTS

	Page
Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11 - 12
Notes to the Financial Statements	13 - 22

UPP (BROADGATE PARK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018

Business review

The project comprises the operation of a new build and estate transfer of 2,216 student residential accommodation bedrooms within the University of Nottingham main campus.

The level of business, achieving 99.9% 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 Company has elected for Real Estate Investment Trust ("REIT") status to apply to the Company. As a result, the Company 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 (BROADGATE PARK) LIMITED

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

Principal risks and uncertainties

Financial risk management objectives and policies

The Company uses 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 Company's operations. All of the Company's financial instruments are of Sterling denomination and the group 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 a mixture of retained profits, related party borrowings and bank borrowings. The company's exposure to interest rate fluctuations on its bank borrowings is managed by the use of interest swaps which fix variable interest rates for a period of time.

Inflation risk

Growth in rental income received is linked to the movement in RPI and the Group manages the exposure to this index through a mix of inflation linked debt on-lent from the fellow group undertaking and the use of RPI swaps to hedge a portion of the fixed rate on-loan servicing costs

Liquidity risk

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

Demand risk

The Company is subjected to risks arising from occupancy voids and lack of 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 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 its university partner and ensuring up to date in depth market analysis is completed each period to enable the Company to review its strategic position.

UPP (BROADGATE PARK) 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 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	6.3:1	6.8:1
Average core demand pool (no. of students)	23,085	22,831

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

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

	2017/18	2016/17
Average occupancy across the facilities	99.9%	98.9%

The target occupancy level 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 the Group. In addition, the Group met its on-loan obligations in the period.

The Company 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 (BROADGATE PARK) 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, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom 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 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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. The Company has a net current liability position and has received confirmation from its ultimate parent undertaking, UPP Group Limited, that it will provide the necessary financial support to ensure it can meet its liabilities as they fall due. Accordingly the financial statements have been prepared on a going concern basis.

Results and dividends

The profit for the year, after taxation, amounted to £175k (2017 - loss £72k).

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

UPP (BROADGATE PARK) LIMITED

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

Directors

The directors who served during the year were:

R Bailey-Watts
J Benkel
S O'Shea
J Wakeford
R Bienfait

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

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware,
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Post balance sheet events

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

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



R Bienfait
Director

UPP (BROADGATE PARK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UPP (BROADGATE PARK) LIMITED

Opinion

We have audited the financial statements of UPP (Broadgate Park) Limited (the "Company") for the year ended 31 August 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 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 Company's affairs as at 31 August 2018 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.

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 Company 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 applicable law. 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 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 (BROADGATE PARK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UPP (BROADGATE PARK) 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 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, 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.

UPP (BROADGATE PARK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UPP (BROADGATE PARK) LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

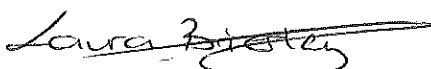
As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's Report.



Laura Brierley (Senior Statutory Auditor)

for and on behalf of
Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor

Milton Keynes

7 December 2018

UPP (BROADGATE PARK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £000
Turnover	4	11,929	11,533
Cost of sales		(3,477)	(3,597)
Gross profit		8,452	7,936
Administrative expenses		(8,350)	(8,027)
Operating profit/(loss)		102	(91)
Interest receivable and similar income	7	73	19
Profit/(loss) before tax		175	(72)
Tax on profit/(loss)	8	-	-
Profit/(loss) for the financial year		175	(72)

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£Nil).

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

UPP (BROADGATE PARK) LIMITED
REGISTERED NUMBER: 04647260

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	2018 £000	2017 £000
Current assets			
Debtors: amounts falling due within one year	9	3,941	1,615
Cash at bank and in hand	10	347	355
		<u>4,288</u>	<u>1,970</u>
Creditors: amounts falling due within one year	11	(4,861)	(2,718)
Net current liabilities		<u>(573)</u>	<u>(748)</u>
Total assets less current liabilities		<u>(573)</u>	<u>(748)</u>
Net liabilities		<u>(573)</u>	<u>(748)</u>
Capital and reserves			
Profit and loss account	14	(573)	(748)
		<u>(573)</u>	<u>(748)</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 notes on pages 13 to 22 form part of these financial statements.

UPP (BROADGATE PARK) LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 September 2017	-	(748)	(748)
Profit for the year	-	175	175
At 31 August 2018	-	(573)	(573)

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

UPP (BROADGATE PARK) LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 September 2016	-	(676)	(676)
Loss for the year	-	(72)	(72)
At 31 August 2017	-	(748)	(748)

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

UPP (BROADGATE PARK) LIMITED

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

1. General information

UPP (Broadgate Park) Limited is a private company limited by shares 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 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 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 management to exercise judgment 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. The Company has a net current liability position and has received confirmation from its parent undertaking, UPP Group Limited, that it will provide the necessary financial support to ensure it can meet its liabilities as they fall due. Accordingly the financial statements have been prepared on a going concern basis.

2.3 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.

2.4 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.

2.5 Interest income

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

UPP (BROADGATE PARK) LIMITED

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

2. Accounting policies (continued)

2.6 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

UPP (BROADGATE PARK) LIMITED

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

2. Accounting policies (continued)

2.7 Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income, 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 operates and generates 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 Company 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 Company 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 Company has elected for Real Estate Investment Trust ("REIT") status to apply to the Company. As a result, the Company 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.

UPP (BROADGATE PARK) LIMITED

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

2. Accounting policies (continued)

2.8 Related party transactions

The Company is a wholly owned subsidiary of UPP (Broadgate Park) Holdings Limited which is a wholly owned subsidiary of the ultimate parent company UPP REIT 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.

2.9 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.

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.

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.

There are no significant judgements to disclose for the current year.

4. Turnover

Turnover represents income, on the basis of accounting policy 2.3, excluding VAT, attributed to the provision of student accommodation.

	2018 £000	2017 £000
Provision of student accommodation	11,929	11,533
	<u>11,929</u>	<u>11,533</u>

All turnover arose within the United Kingdom.

UPP (BROADGATE PARK) LIMITED

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

5. Auditor's remuneration

	2018	2017
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>13</u>	<u>13</u>
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	-	4
	<u>-</u>	<u>4</u>

6. Employee and Director information

Staff costs were as follows:

	2018	2017
	£000	£000
Wages and salaries	1,165	1,089
Social security costs	81	81
Cost of defined contribution scheme	49	49
	<u>1,295</u>	<u>1,219</u>

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company 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	2017
	No.	No.
Site managers	7	2
Adminstration, maintenance and cleaning	50	53
	<u>57</u>	<u>55</u>

UPP (BROADGATE PARK) LIMITED

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

7. Interest receivable

	2018 £000	2017 £000
Bank interest receivable	73	19
	<u>73</u>	<u>19</u>

8. Taxation

	2018 £000	2017 £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 lower 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 £000	2017 £000
Profit/(loss) on ordinary activities before tax	175	(72)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.58%)	33	(14)
Effects of:		
Movement in deferred tax not recognised	(32)	14
Exempt property rental (profits) / losses in the year	(1)	-
Total tax charge for the year	-	-

Factors that may affect future tax charges

UPP (BROADGATE PARK) LIMITED

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

8. Taxation (continued)

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

A deferred tax asset of £nil (2017: £112k) in respect of available tax losses has not been recognised at 31 August 2018.

With effect from 1 March 2018, UPP REIT Holdings Limited, the ultimate parent company of the Company has elected for Real Estate Investment Trust ("REIT") status to apply to the Company. As a result, the Company 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 (BROADGATE PARK) LIMITED

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

9. Debtors

	2018	2017
	£000	£000
Amounts owed by group undertakings	3,762	1,515
Prepayments and accrued income	179	100
	<u>3,941</u>	<u>1,615</u>

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

10. Cash and cash equivalents

	2018	2017
	£000	£000
Cash at bank and in hand	347	355
	<u>347</u>	<u>355</u>

11. Creditors: Amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	216	87
Amounts owed to group undertakings	3,729	1,737
Other taxation and social security	2	3
Accruals and deferred income	914	891
	<u>4,861</u>	<u>2,718</u>

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

UPP (BROADGATE PARK) LIMITED

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

12. Financial instruments

	2018 £000	2017 £000
Financial assets		
Financial assets measured at amortised cost	<u>4,109</u>	<u>1,870</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(4,047)</u>	<u>(1,824)</u>

Financial assets measured at amortised cost comprise cash, amounts owed by group undertakings which is repayable on demand.

Financial Liabilities measured at amortised cost comprise trade creditors and amounts owed to group undertakings.

13. Share capital

	2018 £000	2017 £000
Authorised, allotted, called up and fully paid		
2 (2017 - 2) Ordinary shares of £1.00 each	<u>-</u>	<u>-</u>

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

14. Reserves

Profit and loss account

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

UPP (BROADGATE PARK) LIMITED

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

15. Parent undertaking and controlling party

The Company's immediate parent undertaking (Broadgate Park) Holdings Limited.

UPP (Broadgate Park) Holdings Limited is wholly owned by UPP Bond 1 Limited, a wholly owned subsidiary of UPP Bond 1 Holdings Limited,

UPP Bond 1 Holdings Limited is a wholly owned subsidiary of UPP REIT Holdings Limited.

UPP REIT 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 group of which the Company is a member and for which group accounts are prepared is UPP Group Holdings Limited and UPP REIT Holdings Limited.

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

Copies of the UPP REIT Holdings Limited accounts can be obtained from www.upp-ltd.com, once they have been published.