Company Registration No. 08333277 (England and Wales)

ULIVING@HERTFORDSHIRE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

ULIVING@HERTFORDSHIRE PLC

COMPANY INFORMATION

Directors	R M Ashcroft C De Carmoy I J Grimes S D Harrison-Barker M T Rickards A F C Boutrolle M J Smith B Melezinkova
Secretary	Fulcrum Infrastructure Management Limited
Company number	08333277
Registered office	4th Floor 105 Piccadilly London W1J 7NJ
Independent auditors	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR
Bankers	HSBC BANK PLC 8 Canada Square London United Kingdom E14 5HQ
Solicitors	Trowers & Hamlins 3 Bunhill Row London United Kingdom EC1Y 8YZ

ULIVING@HERTFORDSHIRE PLC

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2020

Uliving@Hertfordshire plc ("the Company") was incorporated on 17 December 2012, and is a public limited company incorporated in the United Kingdom and domiciled in England and Wales. The Company is limited by shares.

The University of Hertfordshire Higher Education Corporation entered into a contract with Uliving@Hertfordshire plc on 24 May 2013 to develop and manage student accommodation at the College Lane Campus. The concession period will run until 2063.

Description of the project

The Company is a special purpose vehicle formed to manage the contract with the University.

The project consists of the design, build, refurbishment, finance and operation of 3,011 student rooms, 6 common rooms, a large central hub, sports pitches and a gym. Construction took place over three years completing in September 2016. The project also consists of an Energy Centre that is capable of meeting the heating and electricity demands of the accommodation. The Energy Centre will also secure carbon savings for the project, which in turn contributes to the BREEAM outstanding accreditations for the accommodation. The project is now fully operational with completion of the Energy Centre achieved in June 2018.

Strategy and objectives

Our vision is to create an experience for all students which helps them succeed both personally and academically by listening and anticipating their needs, while enhancing our long term partnerships. This will be delivered by having a ‘student first’ approach and exemplary health and safety. The Company will achieve these objectives by ensuring its compliance with the contract; legislation and by adhering to good industry practice

In 2020 the Company continued to implement the strategies identified in its five year Business Plan covering 2018-2022, the plan focuses on the following key strategic themes; demand risk, utilities risk, lifecycle management, environmental social governance, contractual opportunities, and risk mitigation. Delivering on the objectives of the business plan will ensure that the company is well placed to meet the financial targets in the operating model, and the overall mission to provide the best campus life experience in the sector.

A collaborative approach with our partners will help maintain demand on the project so all rooms are reserved by the University, which has been the case since the project began.

The project continues to align itself with the University of Hertfordshire's strategy and vision of being an internationally renowned leading business-facing university in the UK by creating and developing innovative ideas and promoting a positive social and cultural environment.

The Company's financial objectives are to ensure compliance with the terms of its credit agreement and generate return on investment for its shareholders. The most significant criteria under the credit agreement are the bond cover ratios which commenced in September 2016 on construction completion.

Health and Safety

Health and Safety continues to be monitored closely to ensure safety of students, staff and visitors. The Company had a number of Health and Safety audits carried out on site during the year and annual Health and Safety inspections are also carried out in relation to services provided by Derwent Housing Association Limited ("Derwent"). Appropriate action is taken to mitigate any findings during Health and safety audits and inspections.

Principal risks and uncertainties

The Company's credit risk is attributable to its rental income from its sole customer, the University of Hertfordshire. As this is a quasi-government organisation, the credit risk and associated cash flow risk are not considered significant.

The Company is exposed to demand risk as occupancy is directly and strongly correlated with demand for University places. The University notifies the Company on an annual basis the number of rooms it intends to reserve for the following Academic Year. This risk is mitigated by the strong demand for on-campus accommodation and limited supply in the local area. The University has reserved 100% of the rooms for 2019/20 and 98.4% for the 2020/2021 year. There is a risk that demand and nominations could reduce in the 2021/22 year. To mitigate this risk the Company continues to pursue its strategy to provide a collegiate campus life experience to deliver outstanding student satisfaction which benefits the University rankings and makes us a great place to live.

The Company is exposed to construction defect risk. Construction of the new accommodation was completed in 2016, with completion of the Energy Centre achieved in June 2018. A Parent Company Guarantee has been provided by Bouygues Construction S.A. who have entered into a Contractor Direct Agreement guaranteeing the obligations of Bouygues (UK) Limited under the Building Contract.

The Company is exposed to finance risk in terms of meeting the funding required to meet the output specifications and services to be provided per the Project Agreement, this in turn results in interest rate risk when structuring funding for the Company.

The Company is exposed to utilities risk as it pays for the electricity, gas and water requirements of the accommodation. This risk is mitigated as the company has engaged with a utilities management provider to ensure contracts are negotiated and entered into at competitive rates which aim to minimise any fluctuations in the market.

The Company is exposed to inflation risk as costs associated to the project are linked to six monthly indexation, whereas the revenue from rent is linked to student demand at the University and the affordability of the accommodation.

Financial Risk Management

To mitigate its interest rate exposure the Company has issued a £143,500,000 bond. The interest rate on this bond is 2.057 per cent index linked, and is due in 2054, the totality of which has been purcahsed by Legal and General Assurance Society Limited.

To mitigate finance risk and in order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future development, the Company uses long term debt finance.

The company does not have any derivative financial instruments

Key Performance Indicators

The key performance indicators for the Company are as follows:

1) The number of units reserved each academic year. To date the University has reserved 100% of the rooms and has committed to reserve 98.4% of the rooms for the 2020/2021 year.

2) The level of service provided by Derwent Housing Association Limited which is measured against the Service Level Agreement that covers a number of areas including; Helpdesk, IT and Communications service, Student Welfare, Estate Maintenance, Cleaning, and Waste Management. In the year under review Derwent performed well against the Service Level Agreement. The level of service provided is measured monthly and reported to the Joint Liaison Group, who under the terms of the Project Agreement have a responsibility to monitor the performance of the provision.

Key Performance Indicators (Continued)

3) The quantum of costs incurred compared to budget - there were no significant cost deviations from budget. Operating income and expenditure in respect of the year ended 31 July 2020, which are based on fixed long term contracts, have been in line with the Directors' expectations. The Company has modelled the anticipated financial outcome of the project across its full term. The Company monitors actual financial performance against anticipated performance.

Financial Performance

Operating profit for the year amounted to £8,246,000 (2019 - £9,709,000) and net interest expense amounted to £10,732,000 (2019 - £13,906,000). The loss before taxation for the year amounted to £2,486,000 (2019 - £4,197,000 loss). The cash position as at 31 July 2020 amounted to £15,281,000 (2019 - £12,004,000).

Future Developments

The Company will continue to operate the student accommodation project until the end of the concession 2063.

Corporate and Social Responsibility

All project buildings are low carbon and energy efficient (BREEAM outstanding) with on site heat and power generation.

The Company promotes the employment of local staff and students at the Helpdesk implemented by Derwent Housing Association at the College Lane Campus.

Section 172 Companies Act 2006

The directors of the Company have had regard to the matters set out in S172 of the Companies Act 2006 and consider that they have acted in a manner which promotes the long term success of the Company. By fostering collaborative relationships with key stakeholders, the Directors have been able to build long term relationships enabling them to steer the Company in the direction envisaged by the shareholders. Key policies such as the Anti-Bribery policy, Harassment Policy, and Equality and Diversity policy ensure that these relationships are fair to both the Company and the respective stakeholders.

The Company's five year Business Plan, which outlines the long term strategy of the company, coupled with a comprehensive and dynamic risk report, demonstrates the Directors regard to the long term success of the company, including the impact of the Company on the local community and environment.

To facilitate the active involvement and duty of the Directors, regular feedback sessions are held with the Management Team to ensure that the Board is receiving adequate information and updates to allow them to act in the best interest of the Company. Board induction programs are carried out for all new Directors to ensure that they are provided with a detailed orientation of the Company, including current affairs and the Company's Business Plan.

The Board actively participated in the following key engagements to fulfil the requirements of S172 of the Companies Act 2006 during the course of the 2020 financial year:

- Annual review of the Business Plan to ensure the performance of the Company is in line with expectations so as to ensure the achievement of the Company's long term strategy;

- Quarterly updating and reporting of the Risk Register to ensure all risks to the Company are identified, monitored and appropriately mitigated;

- Active engagement with the Management Team to ensure the Company is managed in a responsible manner with high reporting and operational standards, as well as good governance;

- Regular communication with shareholders to ensure that their returns are well managed;

- Stakeholder mapping ensures that all stakeholder's best interests upheld, and that they are kept up to date with key information impacting them;

- Overall impact of the Company on the local community and environment is actively monitored with continuous improvement plans being carried out regularly.

- Feedback from students is captured on a regular basis through a Voice of the Customer programme and presented to the Board

Whilst Uliving@Hertfordshire plc has no direct employees regular engagement is carried out with its principal subcontractors (namely Derwent Housing Association) and data is collected on employee wellbeing on an annual basis.

The Company, lead by the Directors, has a collaborative approach and culture to decision making and sharing of best practices to ensure the long term success and resilience of the Company.

Going Concern Basis

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing financial statements.

Further details regarding the adoption of the going concern basis can be found in Note 1 to the financial statements.

The Directors have considered a number of factors in determining whether the Company remains a going concern. The key factors and related conclusions are summarised below.

- The Directors have considered the ability of the University to meet future contractual payments. The Directors have concluded that they do not currently consider this to be a material risk.

- The Directors have considered the impact of changes in the performance of key subcontractors, and their ability to continue to meet contractual commitments. The Directors do not currently consider this to be a material risk.

- The Company has issued a £143,500,000 indexed linked bond in May 2013 purchased by Legal and General Assurance Society Limited. An additional shareholder loan of £46,200,000 has been injected by shareholders. The Directors regularly monitor the creditworthiness of the lenders, and do not currently consider this to be a material risk.

- The Directors note that the Company is reporting a Balance Sheet deficit of £16,633,000 as at 31st July 2020 (2019 - £14,049,000 deficit). This is largely attributable to interest charges on the indexed linked bond issued at financial close, and is in line with the financial model. However, the bond is long term in nature and hence the Directors have a reasonable expectation that the Company has adequate resources to continue in operation existence for the foreseeable future, as the indexed linked bond is repaid and rental income increases.

- The Directors do not believe there is currently any material risk to the Company which is related to the COVID-19 pandemic. Following the government enforced lockdown there has been no adverse disruption in the continuity of services provided by the O&M Contractor, Derwent, and maintenance and lifecycle works have continued in line with ordinary business. The University have confirmed 98.4% nominations for the 2020/21 academic year, thereby confirming that the Company will meet its business obligations as they fall due over the coming twelve months.

After taking into account these matters the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

This report was approved by the board on 17/11/2020 and signed on its behalf

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Director

The Directors present their annual report and audited financial statements for the year ended 31 July 2020.

Directors' Responsibilities Statement

The Directors are responsible for preparing annual 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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, comprising FRS102, have been followed in preparing the financial statements, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

R M Ashcroft	
C De Carmoy	
M T Rickards	
A F C Boutrolle	
M J Smith	
I J Grimes	(Appointed 27 September 2019)
S D Harrison-Barker	(Appointed 3 January 2020)
B Melezinkova	(Appointed 3 January 2020)
T R C Sumpster	(Resigned 30 March 2020)
S C Grant	(Resigned 3 January 2020)
P M McCormack	(Resigned 6 April 2020)
I G Campbell	(Resigned 27 September 2019)

Directors Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

Dividends
The directors do not recommend the payment of a dividend (2019 - £nil).

Future developments
Future developments and events after balance sheet date is covered under Future Developments on page 3 of the Strategic Report.

The Going concern review is covered under Going Concern Basis on page 5 of the Strategic Report.

Financial Risk Management
Financial Risk Management activities are discussed on page 2 of the Strategic Report.

Disclosure of information to auditors
So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware.

Each Director has taken all the steps that he ought to have taken in his duty as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the board on 17/11/2020 and signed on its behalf

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Director

Independent auditors' report to the members of ULiving@Hertfordshire plc

Report on the audit of the financial statements

Opinion

In our opinion, ULiving@Hertfordshire plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 July 2020; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

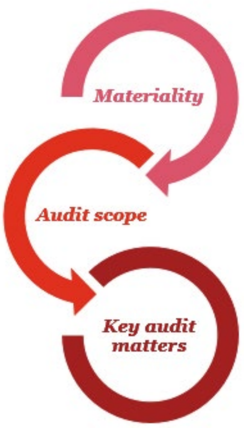
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall materiality: £0.2 million (2019: £0.2 million), based on 1% of turnover.

- We conducted a full scope audit of the company.

- Risk of incorrect revenue recognition due to income sharing agreements.
- Risk of non-recoverability of long outstanding trade debtors and accrued income balances.
- Impact of COVID-19.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Risk of incorrect revenue recognition due to income sharing The project agreement with the University of Hertfordshire contains an income sharing formula when the balance of the rent pool reserve account exceeds a target threshold level. It is necessary to assess whether this threshold is likely to be exceeded and to ensure that appropriate adjustments are made to revenue to reflect the extent to which rental income received may need to be shared with the University.	We have reviewed the Project Agreements and management's calculation of the rent pool reserve account and associated gain sharing formula. We are satisfied that management have made reasonable judgments and have recorded appropriate provisions to revenue to reflect the extent to which rental income received may need to be shared with the University. The provision recognised is consistent with the first payment made to the University subsequent to the year-end.
Risk of non-recoverability of long outstanding trade debtors and accrued income balances There are a number of significantly overdue debtor balances and un-invoiced accrued income from related parties relating to the recovery of certain costs that have been incurred over a number of years. Although the company may have a contractual right to recover these balances, the fact that they are long overdue calls into question whether they are recoverable.	We have understood the nature of these items and have tested the accuracy of these balances back to contracts and/or cost invoices on a sample basis. We have discussed with management whether there is evidence supporting the intent and ability of the counterparties to settle these balances and where this is not the case, we have agreed with the directors that it is appropriate to record an impairment provision. We are satisfied that the net amount reflected in the financial statements represents only those amounts where recoverability is deemed probable.
Impact of COVID-19 The outbreak of the COVID-19 pandemic and the measures taken by governments in order to contain Covid-19 has had major implications to the economy and companies in general. The main risk posed to the Group is from the University not continuing to utilise the required amount of rooms in line with the financial model. This could have an impact on the main rental revenue stream and could impact the recoverability of assets and affect the company's ability to meet its liabilities as they fall due.	We have assessed the model's resilience to changes in occupancy levels to address the risk that the University doesn't reserve all rooms in the future, particularly as a result of Covid-19. We are satisfied that even with a significant fall in occupancy in 2021/22, the company would continue to have sufficient cash and meet its debt covenant ratios for a period of at least 12 months.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates. We performed a full scope audit of the company.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£0.2 million (2019: £0.2 million).
How we determined it	1% of turnover.
Rationale for benchmark applied	Turnover is the key metric in the business when assessing performance, as the profile of profitability over the life of the project is driven by rental income indexation set against reducing interest costs as loans are repaid. Hence, the loss before tax in the current year is not expected to be representative of the performance of the project over its life. We believe using turnover as a benchmark gives a more stable and meaningful measure of materiality given the long-term nature of the project.

We agreed with the directors that we would report to them misstatements identified during our audit above £0.01 million (2019: £0.01 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Paul Nott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
20 November 2020

ULIVING@HERTFORDSHIRE PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2020

	Note	2020 £000	2019 £000
Turnover	**3**	20,352	20,361
Cost of sales		(10,499)	(10,548)
Gross profit		9,853	9,813
Administrative expenses		(1,607)	(104)
Operating profit	**4**	8,246	9,709
Interest receivable and similar income		54	74
Interest payable and similar expenses	**6**	(10,786)	(13,980)
Loss before taxation		(2,486)	(4,197)
Tax on loss	**7**	(98)	403
Loss for the financial year		(2,584)	(3,794)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2020 or 2019 other than those included in the profit and loss account and therefore no separate Statement Of Comprehensive Income has been presented.

The notes on pages 15 to 24 form part of these financial statements.

ULIVING@HERTFORDSHIRE PLC

BALANCE SHEET

AS AT 31 JULY 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Tangible assets	**8**		178,006		182,134
Current assets					
Debtors	**9**	2,025		4,786	
Cash at bank and in hand		15,281		12,004	
		17,306		16,790	
Creditors: amounts falling due within one year	**10**	(10,388)		(5,158)	
Net current assets			6,918		11,632
Total assets less current liabilities			184,924		193,766
Creditors: amounts falling due after more than one year	**11**		(201,557)		(207,815)
Net liabilities			(16,633)		(14,049)
Capital and reserves					
Called up share capital	**13**		60		60
Profit and loss account			(16,693)		(14,109)
Total Shareholders' Deficit			(16,633)		(14,049)
			-		-

The financial statements of Uliving@Hertfordshire PLC on pages 12 to 24 were approved by the board of directors and were authorised for issue on 17/11/2020 . They were signed on its behalf by:

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Director

Company Registration No. 08333277

The notes on pages 15 to 24 form part of these financial statements.

ULIVING@HERTFORDSHIRE PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2020

	Called up share capital £000	Profit and loss account £000	Total Equity £000
Balance at 1 August 2018	60	(10,315)	(10,255)
Year ended 31 July 2019:			
Loss and total comprehensive expense for the financial year	-	(3,794)	(3,794)
Balance at 31 July 2019	60	(14,109)	(14,049)
Year ended 31 July 2020:			
Loss and total comprehensive expense for the financial year	-	(2,584)	(2,584)
Balance at 31 July 2020	60	(16,693)	(16,633)

1 Accounting policies

1.1 Basis of Preparation of financial statements

Uliving@Hertfordshire plc is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on the Company Information page. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 5.

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 United Kingdom and the Republic of Ireland ("FRS 102") and with the Companies Act 2006.

The Company has applied the accounting policies consistently, other than where new policies have been adopted.

The Company has elected to take the exemption under FRS 102 Section 35.10 (i) to continue to apply its previous accounting treatment in respect of service concession arrangements entered into prior to the date of transition to FRS 102. The Company has also elected to account for financial instruments in accordance with section 11 and 12 of FRS 102.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Uliving@Hertfordshire Holdco Limited. Exemptions have been taken in these separate Company Financial Statements in relation to presentation of a Cash Flow Statement, information on related party transactions and certain financial statement disclosures.

1.2 Going concern

The Directors have considered the ability of the University to continue to pay amounts due to the Company and do not consider this to be a material risk.

The Company's forecasts and projections, taking account of reasonably possible changes in counterparty performance, show that the Company expects to be able to continue to operate.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The Directors note that the Company is reporting a Balance Sheet deficit of £16,633,000 as at 31st July 2020 (2019 - £14,049,000 deficit). This is largely attributable to interest changes on the indexed linked bond issued at financial close. However, due to the long term nature of the bond, the Directors have a reasonable expectation that the Company has adequate resources to continue in operating existence for the foreseeable future.

1.3 Tangible fixed assets

Tangible fixed assets other than freehold land (which is not depreciated) are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Lease Premiums	Straight Line over 45 - 50 years
Fixed Assets	Straight Line over 45 - 50 years

Interest on borrowings is capitalised to assets under construction based on the percentage of capital expenditure as a proportion of total debt.

1 Accounting policies **(Continued)**

Depreciation of fixed assets and lease premiums commences on completion of the relevant phase when the buildings commence being used.

1.4 Turnover

Turnover comprises of rental revenue received from the University, payments are not received in advance. A provision is made for amounts that may become refundable under excess rental income sharing arrangements, once the threshold level has been exceeded. Revenue earned from the Energy Centre is recognised as electricity is generated.

1.5 Interest costs

Interest costs are capitalised during construction based on total construction costs as a percentage of total borrowed. Once an Acceptance Certificate has been issued by the Independent Certifier, construction is considered complete and interest costs are expensed to the Profit and Loss.

1.6 Development Costs

Development costs are capitalised as fixed assets when incurred, with depreciation commencing on completion of each construction and refurbishment phase.

1.7 Current taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the taxable profits and total comprehensive income.

Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits (the very existence of unrelieved tax losses is strong evidence that there may not be other future taxable profits against which the losses will be relieved).

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 Borrowings

Interest bearing bonds are recorded at the proceeds received, net of direct issue costs. Finance charges including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Indexed linked bonds are treated as a floating rate instrument within the scpe of IAS 39.

1.10 Cash

Cash comprises of cash at bank and in hand and short term deposits with original maturity of less than three months. For the year ended 2020 cash totalled £15,281,000 of which £10,500,000 was held in reserve accounts and £4,781,000 in an operating account.

2 Judgements and key sources of estimation uncertainty

In the application of the Company’s accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. The estimates which could result in a material adjustment to the carrying value of assets or liabilities in the next 12 months are as follows:

Deferred tax
The Company has claimed capital allowances on a proportion of the tangible fixed assets. This level of capital allowances has not yet been agreed with the tax authorities and therefore may be subject to adjustment. Such adjustment would impact the level of deferred tax provision currently recorded.

Provision for doubtful debts
The Company has a number of long outstanding receivable balances against which a provision has been made (see note 4). The directors intend to continue to pursue these amounts and therefore there is the potential for a provision release in future periods if they are recovered.

Critical judgements in applying the Company’s accounting policies
The following are the critical judgments and accounting estimates that the directors have made in the process of applying the Company’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Tangible fixed assets
The Company has elected to continue to apply its previous accounting treatment in respect of service concession arrangements entered into prior to the date of transition to FRS 102. This treatment resulted in the service concession arrangement assets being treated as tangible fixed assets rather than as financial assets or intangible assets had the requirements of FRS 102 Section 34 been fully adopted. This gives rise to both measurement and presentational differences compared to FRS 102 Section 34.

Income sharing accruals
The Company's contractual arrangements with the University include a gain sharing mechanism when the balance on the rent pool reserve account exceeds a certain level. The Directors have taken a view of the amount that may become payable based on rental income earned to date, and have made an appropriate provision for the amount that they consider likely to be refunded.

Index-Linked Bonds
The index-linked bonds have been treated as a floating rate instrument in accordance with IAS 39. Hence the effective interest rate is revised each period to reflect the actual indexation incurred.

3 Turnover

Turnover comprises revenue recognised by the company in respect of rental income supplied and invoiced during the year to the extent that income relates to the current year. Turnover is derived entirely in the UK and excludes VAT. In the current year the company also received revenue from the university for the supply of electricity generated from the company's energy centre.

Turnover comprised of £1,184,000 (2019: £1,209,000) of revenue generated from the supply of electricity, and £19,168,000 (2019: £19,152,000) revenue from accommodaiton activities.

4 Operating profit

	2020	2019
Operating profit for the year is stated after charging:	£000	£000
Fees payable to the Company's auditors for the audit of the Company's financial statements:		
Uliving@Hertfordshire plc	24	20
Depreciation on the Fixed assets and Lease Premiums	4,128	4,129
Provision for doubtful debts	1,416	-

A provision for doubtful debt has been raised in the current year which relates to long outstanding receivables which the Company will continue to pursue.

5 Staff Costs

There were no employees during the current or proceeding years apart from the Directors.

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £nil).

6 Interest payable and similar expenses

	2020	2019
	£000	£000
Bonds	4,696	7,749
Shareholder loans	6,090	6,231
	10,786	13,980

7 Tax on loss

	2020	2019
	£000	£000
Analysis of tax charge/(credit) in the year		
Current year tax		
UK corporation tax on loss for the current period	77	-
Deferred tax		
Origination and reversal of timing differences	21	(403)
Tax on loss	98	(403)

The tax charge/(credit) for the year is lower (2019: higher) than the loss before tax multiplied by the standard rate of tax in the UK of 19% (2019: 19%), as shown below

	2020	2019
	£000	£000
Loss before taxation	**(2,486)**	**(4,197)**
Loss before taxation multiplied by standard rate of UK corporation tax of 19% (2019 - 19%)	(472)	(797)
Effects of:		
Non-deductible expenses	570	394
Total tax charge/(credit) for the year	98	(403)

Corporation Tax main rate was maintained at 19% for the financial year beginning 1 April 2020, rather than reducing it to 17% from 1 April 2020 (as anticipated in the year ended July 2019).

8 Tangible assets

	Lease Premiums	Fixed assets	Total
	£000	**£000**	**£000**
Cost			
At 1 August 2019	51,650	147,369	199,019
At 31 July 2020	51,650	147,369	199,019
Accumulated depreciation			
At 1 August 2019	(4,695)	(12,190)	(16,885)
Charge for the year	(1,063)	(3,065)	(4,128)
At 31 July 2020	(5,758)	(15,255)	(21,013)
Net book value			
At 31 July 2020	45,892	132,114	178,006
At 31 July 2019	46,955	135,179	182,134

The University has granted a 50 year concession to the Company through a number of Headleases for a term of 50 years. The primary source of revenue from the Company will flow through a cascade of leasehold agreements, and an over-arching Project Agreement governs the relationship between the two parties.

The rental income received in 2020 amounted to £19,261,387 (2019: £18,523,354). The Company also earns a variable share of income from vacation rentals, conferences and other ancillary services.

9 Debtors

	2020	2019
Amounts falling due within one year:	**£000**	**£000**
Trade debtors	1,351	2,825
Prepayments and accrued income	505	1,771
Deferred tax asset (note 12)	169	190
	2,025	4,786

Trade debtor and accrued income balances are reported after an allowance for doubtful debt relating to long outstanding receivables, which the Company continues to pursue.

10 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Bonds	4,408	4,421
Trade creditors	459	233
Amounts owed to group undertakings	2,643	-
Corporation tax	77	-
Other creditors	2,570	244
Accruals and deferred income	231	260
	10,388	5,158

11 Creditors: amounts falling due after more than one year

	2020	2019
	£000	£000
Bonds	147,256	150,114
Trade creditors	36	36
Amounts owed to group undertakings	54,265	55,923
Other creditors	-	1,742
	201,557	207,815

Borrowings

Borrowings comprise of bonds and amounts due to shareholders which are analysed as follows:

	2020	2019
Between one and two year		
Bonds	4,489	4,455
Amounts owed to group undertakings	789	-
Between two and five years		
Bonds	14,435	19,127
Amounts owed to group undertakings	-	2,587
Over five years		
Bonds	128,332	126,532
Amounts owed to group undertakings	53,476	53,336
Total	201,522	206,037

Creditors including amounts not wholly repayable within 5 years as follows:

	2020	2019
Repayable by instalments	201,522	206,037

In May 2013 the Company issued £143,500,000 in aggregate principal amount of 2.057 per cent index-linked security bonds due 2054 under a Bond Trust Deed, with Prudential Trustee Company Limited as trustee, which provides funds for the construction of the project. The bond is repayable in instalments based on the Bond Trust Deed over the next 40 years.

The Bond is secured under the security document by a charge over the shares of the Company.

11 Creditors: amounts falling due after more than one year (Continued)

Amounts owed to shareholders

As of 31st July 2016 the Company has issued £6,197,880 in B Loan Notes to BY Development Limited and £6,197,880 to Centro Place Investments Limited and £6,197,880 to the University of Hertfordshire. The subordinated debt is subject to interest at 6% and 9% plus RPI, and is repayable by instalments from surplus cash by 2063. Accrued interest is being rolled up into the debt balance.

As of the 31st July 2016 the Company has issued £25,566,258 in A Loan Notes to Meridiam Infrastructure Finance II S.à.r.l and £2,324,205 Legal and General Assurance Society Limited. The subordinated debt is subject to interest at 9% plus RPI, and is repayable by instalments from surplus cash by 2063.

12 Deferred taxation asset

	Deferred tax	
	£000	**£000**
At 1 August 2019/2018	(190)	213
Deferred tax credit to the profit and loss account:	21	(403)
At 31 July 2020/2019	(169)	(190)

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Deferred taxation comprises:	2020	2019
	£000	**£000**
Tax losses	(3,884)	(3,385)
Accelerated capital allowances	1,135	395
Capitalised interest	2,580	2,800
	(169)	(190)

13 Called up share capital

	2020	2019
	£000	**£000**
Authorised, allotted, called up and fully paid		
60,000 (2018: 60,000) Ordinary Shares of £1 each	60	60

14 Related party transactions

As a qualifying entity, the Company has taken advantage of the exemption under FRS 102 Section 1.12 (e) on related party disclosures.

15 Financial instruments

As a qualifying entity, the Company has taken advantage of the exemption under FRS 102 Section 1.12 (c) on financial instrument disclosures.

16 Controlling Party

The Company's immediate parent company and controlling entity, and the largest and smallest group in which its results are consolidated is Uliving@Hertfordshire Holdco Limited, a company incorporated in United Kingdom and registered in England and Wales whose registered office is 4th Floor 105 Piccadilly, London, W1J 7NJ. The Directors consider there to be no ultimate controlling party in Uliving@Hertfordshire Holdco Limited.