

**UPP Bond 1 Limited
Unaudited financial statements**

For the six months ended 28 February 2014

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Basis of reporting

The company commenced trading on 5 March 2013 by acquiring six subsidiary companies from an ultimate parent company, UPP Group Limited. The principal activity of the company is to provide treasury services to these six subsidiary undertakings and subordinated debt financing.

For the purpose of these financial statements and the relevant notes provided the comparative period is from the commencement of trading to 31 August 2013.

UPP Bond 1 Limited
Profit and loss account
For the six months ended 28 February 2014

		Six months ended 28 February 2014	Period ended 31 August 2013
	Notes	£'000	£'000
Operating expenses		<u>(41)</u>	<u>(36)</u>
Operating loss		(41)	(36)
Interest receivable & similar income	3	8,974	8,801
Interest payable & similar charges	4	<u>(8,619)</u>	<u>(8,453)</u>
Profit on ordinary activities before taxation		314	312
Tax charge on profit on ordinary activities		-	-
Profit for the financial period	11	<u>314</u>	<u>312</u>

The above results all relate to continuing operations.

UPP Bond 1 Limited

Balance sheet

as at 28 February 2014

		28 February 2014 £'000	31 August 2013 £'000
	Notes		
Fixed assets			
Fixed asset investment	5	<u>33,634</u>	<u>33,634</u>
		33,634	33,634
Current assets			
Debtors: amounts falling due within one year	6	13,953	6,838
Debtors: amounts falling due after one year	7	128,193	128,193
Cash at bank and in hand		19,906	13,993
		<u>162,052</u>	<u>149,024</u>
Creditors: amounts falling due within one year	8	<u>(32,850)</u>	<u>(20,136)</u>
Net current assets		<u>129,202</u>	<u>128,888</u>
Total assets less current liabilities		162,836	162,522
Creditors: amounts falling due after more than one year	9	(125,361)	(125,361)
		<u>37,475</u>	<u>37,161</u>
Share capital and reserves			
Called up share capital	10	36,849	36,849
Profit and loss account	11	626	312
		<u>37,475</u>	<u>37,161</u>

UPP Bond 1 Limited

Notes to the unaudited financial statements for the six months ended 28 February 2014

1. Principal accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006.

(b) Consolidation

The company is exempt from preparing consolidated financial statements under section 400 of the Companies Act 2006, as the company forms part of a larger group for which UPP Group Holdings Limited produces consolidated financial statements. These accounts present information about the company as an individual undertaking and not about its group.

(c) 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.

(d) Cash flow statement

The company has taken advantage of the exemption available under FRS 1 (revised) and has not prepared a cash flow statement by virtue of being a small company.

(e) Investments

Fixed asset investments are carried at cost less any provision for impairment in value. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for group reconstruction relief, cost is measured by reference to the net asset value of the shares issued, and the premium is accounted for accordingly.

(f) Impairment reviews

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

(g) Taxation

(i) Current tax

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

(ii) Deferred tax

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

- Provision is made for gains on disposal of assets that have been rolled over into replacement assets only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned.
- Provision is not made for the remittance of a subsidiary, associate or joint venture's earnings that would cause tax to be payable where no commitment has been made to the remittance of the earnings.

UPP Bond 1 Limited

Notes to the unaudited financial statements for the six months ended 28 February 2014

1. Principal accounting policies (continued)

(g) Taxation (continued)

(ii) Deferred tax

- Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which the timing differences reverse, based on the tax rates enacted at the balance sheet date. Group relief is only accounted for to the extent that a formal policy is in place at the year / 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.

(h) 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 8 not to disclose related party transactions which are eliminated on consolidation.

2. Directors' remuneration

The company paid a fee of £xxx (2013: £1,000) to Structured Finance Management Limited in respect of services performed in connection with the management of the affairs of the company for the six months up to 28 February 2014. Additionally the company paid fees of £xxx (2013: £1,000) to Structured Finance Management Limited for the services it provided to its parent company UPP Bond 1 Holdings Limited and £xxx (2013: £3,000) in relation to services provided to its subsidiary undertaking UPP Bond 1 Issuer plc for the same period.

No other directors of the company received payment for services performed in relation to the management of the company.

3. Interest receivable and similar income

	Six months ended 28 February 2014 £'000	Period ended 31 August 2013 £'000
Loan note interest received	<u>8,974</u>	<u>8,801</u>

4. Interest payable and similar charges

	Six months ended 28 February 2014 £'000	Period ended 31 August 2013 £'000
Loan note interest payable	<u>8,619</u>	<u>8,453</u>

UPP Bond 1 Limited

Notes to the unaudited financial statements for the six months ended 28 February 2014

5. Fixed asset investment

Investments
in subsidiary
undertakings
£'000

At 1 September 2013 and 28 February 2014

33,634

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

The fixed asset investment value above represents the carrying value of the company's investment in its subsidiary undertakings.

6. Debtors: amounts falling due within one year

	28 February 2014 £'000	31 August 2013 £'000
Amounts owed by subsidiary company	13,848	6,838
Prepayments and accrued income	<u>105</u>	-
	<u>13,953</u>	<u>6,838</u>

The company received an amount of £1,964,000 on 13 September 2013 from its subsidiary undertakings in respect of accrued loan note interest.

7. Debtors: amounts falling after more than one year

	28 February 2014 £'000	31 August 2013 £'000
Amounts owed by subsidiary company	<u>128,193</u>	<u>128,193</u>

The company subscribed for unsecured loan notes in six of its subsidiary undertakings on 5 March 2013.

The loan notes are scheduled to be repaid by August 2057, with repayments commencing in August 2030, and bear an interest rate of 14%.

8. Creditors: amounts falling due within one year

	28 February 2014 £'000	31 August 2013 £'000
Amounts owed to subsidiary undertakings	17,717	11,652
Amounts owed to parent company	15,108	8,453
Accruals and deferred income	<u>25</u>	31
	<u>32,850</u>	<u>20,136</u>

The company paid an amount of £1,964,000 on 13 September 2013 to its parent company in respect of accrued loan note interest.

UPP Bond 1 Limited

Notes to the unaudited financial statements for the six months ended 28 February 2014

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

	28 February 2014 £'000	31 August 2013 £'000
Unsecured loan notes	<u>125,361</u>	<u>125,361</u>
Maturity of debt		
Repayable in more than five years	<u>125,361</u>	<u>125,361</u>

The company issued loan notes on 5 March 2013 to its parent company, UPP Bond 1 Holdings Limited.

The loan notes are scheduled to be repaid by August 2057, with repayments commencing in August 2030, and bear an interest rate of 13.75%.

10. Called up share capital

	28 February 2014 £'000	31 August 2013 £'000
Issued, allotted, called up and fully paid 36,848,727 Ordinary shares of £1 each	<u>36,849</u>	<u>36,849</u>

11. Reconciliation of shareholders' funds and movement on reserves

	Share capital £'000	Profit & loss account £'000	Total shareholders' funds £'000
At 1 September 2013	36,849	312	37,161
Profit for the period	-	314	314
At 28 February 2014	<u>36,849</u>	<u>626</u>	<u>37,475</u>

12. Parent undertaking and controlling party

The company's immediate parent undertaking is UPP Bond 1 Holdings Limited.

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

UPP Group Limited is 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").