

Registered No: 05726343
Charity No: 1113776

James Square Plymouth Limited
(a company limited by guarantee)

Report and financial statements

For the year ended 31 August 2023

James Square Plymouth Limited

Report and financial statements

for the year ended 31 August 2023

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James Square Plymouth Limited

Report of the Trustees

for the year ended 31 August 2023

The Trustees are pleased to present their report together with the audited financial statements of the charity for the year ended 31 August 2023.

Reference and administrative details

Charity number:	1113776
Company number:	05726343
Registered & Principal Office:	First Floor, 12 Arthur Street, London, EC4R 9AB
Auditor:	KPMG LLP, Chartered Accountants and Statutory Auditor
Banker:	Barclays Bank plc, 1 Churchill Place, London, E14 5HP
Solicitor:	Addleshaw Goddard, Milton Gate, 60 Chiswell Street, London, EC1Y 4AG.

The Trustees are the directors under Company Law and charity Trustees under Charity Law. They may delegate functions to committees or employees but remain responsible for the performance of those delegated functions. All Trustees are subject to fiduciary duties requiring them to act in the best interests of the charity and give their time freely and no Trustee remuneration was paid in the year.

Directors and Trustees

The directors of the charitable Company (the Charity) are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees serving during the year ended 31 August 2023 are as follows:

Elected Trustees:	Clive Crawford Derrick Burdett Sally Crabb Julian True
Secretary:	UPP Secretarial Services Limited

Management Services Agreement

The Trustees have delegated the day to day administration of the charity (via a Management Services Agreement) to UPP Residential Services Limited. UPP Residential Services Limited is responsible for company secretarial services, revenue and cost management and all aspects of the financial administration of James Square Plymouth Limited. The operation of this contract is monitored by the Trustees on a regular basis.

Governing document

James Square Plymouth Limited is a company limited by guarantee, incorporated on 1 March 2006 and registered as a charity with the Charity Commission on 18 April 2006.

The company was established under a Memorandum of Association which established the objects and powers and is governed under its Articles of Association. In the event of the company being wound up, members are required to contribute an amount up to £1 towards the costs of dissolution and the liabilities incurred by the Charity whilst he or she were a member.

James Square Plymouth Limited

Report of the Trustees (continued)

for the year ended 31 August 2023

Appointment of Trustees

The Directors of the Charity are also Charity Trustees for the purposes of charity law and under the Company's Articles are known as members. Under the requirements of the Memorandum and Articles of Association the Trustees after appointment or re-appointment must sign a declaration of willingness to act as a Charity Trustee of the Charity before he or she may vote at any meeting of the Trustees and by way of an ordinary resolution.

New trustees are appointed by the existing trustees and serve for five years after which they may put themselves forward for re-appointment.

The trustees seek to follow the good practice 'Charity Trustees Guide' issued by The Chartered Governance Institute (ICSA).

Risk management

The Board of Trustees has conducted a review of the major risks to which the charity is exposed. Where appropriate, systems and procedures have been established to mitigate the risks the Charity faces.

The Charity uses a financial instrument in the form of a long term loan. The main purpose of this financial instrument is for the finance of the charity's operations. This financial instrument is of sterling denomination. The Charity does not trade in financial instruments or derivatives.

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

Governance risk

The Board of Trustees seek to mitigate any governance risk by ensuring regular meetings and briefings on governance issues to ensure the Trustees have the relevant skills and that the appropriate organisational structure is in place.

Operational risks

The Charity seeks to manage operational risks through the use of the Management Services Agreement with UPP Residential Services Limited to ensure that suitably qualified persons are in place to manage the payment of rents from the University of Plymouth and servicing of debt to the senior lender. The operation of this contract is monitored by the Trustees on a regular basis.

Compliance with law and regulation

Advice is taken where necessary from the legal profession to ensure that the Charity is compliant under charity law and that the Trustees are fully briefed and up to date with any law and regulation changes.

Interest rate risk

The Charity finances its operations through bank borrowings. There is no exposure to interest rate fluctuations as the Charity has taken out a fixed rate loan at the rate of 4.425%+0.23%, stepping up to 5.152%+0.225% in 2014.

James Square Plymouth Limited

Report of the Trustees (continued)

for the year ended 31 August 2023

Liquidity risk

The Charity seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and debt servicing. The maturity of borrowings is set out in note 15 to the financial statements. The bank borrowings are also managed by the use of non-recourse debt whereby the payments of principal and interest to the bank are non-recourse to the assets of the Charity other than the extent of the receivables.

Reserves policy

A key element in the management of financial risk is the setting of the reserves policy. The Trustees seek to mitigate this through regular review of the policy.

The reserves are not required to meet the working capital requirements of the Charity as the rental monies received in provision of an academic facility to the University of Plymouth will adequately cover the financing and operational costs of the Charity. Any surplus funds are then available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity.

The reserves at the end of the year were £760,000 (2022 - £56,000). The increase was mainly related to effective interest rate valuation of financial assets.

Organizational structure

The Board of Trustees administers the Charity. The Board meets regularly to discuss financial and operational issues. At present the Board has four members from a variety of professional backgrounds relevant to the work of the Charity.

A Chairman is appointed by the Trustees to preside over each meeting. If the Chairman is unable or unwilling to do so another Trustee is chosen. The Trustees have delegated the day to day administration of the Charity via the Management Services Agreement detailed on page 1.

The Trustees remain responsible for ensuring compliance with the requirements of the Companies and Charities Acts as to keeping financial records.

Related parties

The Charity has a close relationship with the University of Plymouth, a Higher Education Corporation which shares the Charity's commitment for providing the facilities required to support and aid learning and research. Both organisations actively strive to maximise educational opportunities for all able to benefit and are committed to developing an effective community working in partnership with others.

During the year, two of the Trustees, Julian True and Sally Crabb worked for the University of Plymouth.

The representation of a diverse background within the Trustees has proved invaluable to the Charity in relation to the management and administration of the Charity.

Decisions which the Board of Trustees formulate must be agreed on a majority basis and therefore the Trustees employed by the University of Plymouth are unable to unduly influence the actions of the Charity.

Trustees' expenses are borne by UPP Residential Services Limited under the Management Services Agreement.

James Square Plymouth Limited Report of the Trustees (continued) for the year ended 31 August 2023

Financial and performance review

Investment income of £1,809,000 (2022: £1,123,000) was received from the University of Plymouth for the year ended 31 August 2023. This was in line with the budget and the Trustees expectations.

This rental income is apportioned in the Statement of Financial Activities between rental receipts to cover the governance costs of the Charity and investment income.

This apportionment reflects the fact that the Charity generates resources through its financing activity rather than on its academic facility activity.

During the year there was a £705,000 increase in funds (2022: increase of £25,000). The increase was mainly related to effective interest rate valuation of financial assets.

Objectives and principal activities

The Charity's objectives are contained in the company's memorandum. The objectives, relevant to this report are to further the provision and advancement of education by providing associated amenities, services, advice or assistance to students of the University of Plymouth in need of education and training or other courses or events at the University of Plymouth or within Devon.

The Charity also has a number of other objectives in relation to the provision of accommodation but, over the course of the current year, the charity has concentrated solely on the objectives above.

How the Charity's activities deliver public benefit

In furtherance of its objectives the Charity provides an academic building occupied by a number of academic departments at the University of Plymouth. The building has been maintained and run in good condition and is both used and fully accessible to all those studying the relevant courses at the University and also for academic conferences. The building is not owned by the Charity and therefore has not been recognised on the balance sheet.

As well as providing an important educational facility for use by the students of the University of Plymouth the Charity

- Uses the small surplus it generates and unrestricted general funds to support a University of Plymouth initiative that works with secondary schools in the Plymouth area with high numbers of students from groups that are underrepresented in higher education. The charity offers bursaries to a selected number of these students to support them in their first year of study at the University of Plymouth;
- In 2022/23 the total value of the awards was £15,000 and payments were made to 6 students. The funds were used to support the costs of living including travel, books, software and equipment associated with their courses;
- Has commissioned and completed a piece of public art for the benefit of those at the University of Plymouth, and others.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities.

James Square Plymouth Limited

Report of the Trustees (continued)

for the year ended 31 August 2023

Achievements during the year

The following objectives were stated for the Charity in the prior year's accounts:

1. To continue to provide the academic building.
2. To pay the University of Plymouth the agreed sum to enable the awards for students.
3. To review the beneficial use of available cash balances.

Measurement of these is shown below:

1. The academic building continued to be operational for the 22/23 academic year.
2. Students have received their awards during 22/23 and new entrants in 23/24 have been selected under the scholarship scheme for the next academic year.

Objectives for the forthcoming year

1. To continue to provide the academic building.
2. To pay the University of Plymouth the agreed sum to enable the awards for students.
3. To continue reviewing the beneficial use of available cash balances.

Trustees responsibilities statement

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees 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 charitable company and of the income and expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

**James Square Plymouth Limited
Report of the Trustees (continued)
for the year ended 31 August 2023**

Auditor

KPMG LLP was appointed in the year as auditor of the company in accordance with section 485 of the Companies Act 2006.

On behalf of the Trustees:

A handwritten signature in black ink, appearing to read 'Clive Crawford', written in a cursive style.

**Clive Crawford
Trustee
27 February 2024**

James Square Plymouth Limited

Independent auditor's report to the members of James Square Plymouth Limited

Opinion

We have audited the financial statements of **James Square Plymouth Limited** ("the charitable company") for the year ended 31 August 2023 which comprise the Statement of financial activities, Balance sheet, Statement of cash flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

James Square Plymouth Limited

Independent auditor's report to the members of James Square Plymouth Limited (Continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the director and inspection of policy documentation as to the charitable company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Charitable company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes;
- Considering remuneration incentive schemes and performance targets for management; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries.

On this audit we do not believe there is a fraud risk related to revenue recognition because the company's interest income is recognised using the effective interest rate method but which is non-judgemental, straight forward and limited opportunity for manipulation.

We did not identify any additional fraud risks. We performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and journal entries made to unrelated accounts; and
- assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the director and other management (as required by auditing standards) and from inspection of the charitable company's regulatory and legal correspondence and discussed with the director the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

James Square Plymouth Limited

Independent auditor's report to the members of James Square Plymouth Limited (Continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations (continued)

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: property laws and building legislation, health and safety, employment laws, anti-bribery, other worker laws, recognising the nature of the charitable company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the director and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws or regulation.

Other information

The trustees are responsible for the other information, which comprises Report of the Trustees. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Report of the Trustees which constitutes the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

James Square Plymouth Limited

Independent auditor's report to the members of James Square Plymouth Limited (Continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion the charitable company financial statements are not in agreement with the accounting records and returns; or:

- the charitable company has not kept adequate accounting records 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the charitable 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Clason Low (Senior Statutory Auditor)
for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square
London
E14 5GL

27 February 2024

James Square Plymouth Limited

Statement of Financial Activities (including Income & Expenditure Account)

for year ended 31 August 2023

		Unrestricted and Total Funds 2023 £'000	Unrestricted and Total Funds 2022 £'000
	Notes		
Incoming resources			
Incoming resources from generated funds:			
Investment Income	8	1,809	1,123
Incoming resources from charitable activities:			
Rental income		87	84
Total incoming resources		1,896	1,207
Resources expended			
Cost of generating funds:			
Interest payable and similar charges	9	(1,104)	(1,099)
Cost of charitable activities:			
Student sponsorship	10	(15)	(15)
Governance costs	11	(72)	(68)
Total resources expended		(1,191)	(1,182)
Net movement of funds in the year		705	25

All incoming resources and resources expended derive from continuing activities.

The accompanying notes on pages 14 to 22 form part of these financial statements.

James Square Plymouth Limited

Balance sheet

as at 31 August 2023

	Notes	2023 £'000	2022 £'000
Current assets			
Debtors subject to non-recourse finance	12	23,685	23,417
Sundry debtors	13	15	-
Cash at bank and in hand		577	600
		<u>24,277</u>	<u>24,017</u>
Creditors: amounts falling due within one year	14	(548)	(501)
Net current assets		<u>23,729</u>	<u>23,516</u>
Creditors: amounts falling due after more than one year	15	(22,968)	(23,460)
Net assets		<u>761</u>	<u>56</u>
Unrestricted funds			
General funds	18	761	56
Total funds		<u>761</u>	<u>56</u>

These financial statements were approved by the Trustees and authorised for issue on and were signed on their behalf by:



Clive Crawford
Trustee

Registered No: 05726343
Charity No: 1113776

27 February 2024

The accompanying notes on pages 14 to 22 form part of these financial statements.

James Square Plymouth Limited

Statement of cash flows

as at 31 August 2023

	2023 £'000	2022 £'000
Cash flows from operating activities		
Net movement of funds in the year	705	25
Adjustments for:		
Interest payable	1,104	1,099
Interest receivable	(1,809)	(1,123)
(Increase)/decrease in debtors	(14)	-
(Decrease)/increase in creditors	(13)	49
Net cash inflow/(outflow) generated from operating activities	(27)	50
Cash flows from investing activities		
Interest received	1,541	1,501
Net cash generated from investing activities	1,541	1,501
Cash flows from financing activities		
Interest paid	(1,158)	(1,194)
Repayment of senior secured loan notes	(379)	(336)
Net cash flow used in financing activities	(1,537)	(1,530)
Net (decrease)/increase in cash and cash equivalents	(23)	21
Cash and cash equivalents at the beginning of the year	600	579
Cash and cash equivalents at the end of the year	577	600

The accompanying notes on pages 14 to 22 form part of these financial statements.

James Square Plymouth Limited

Notes to the financial statements

for the year ended 31 August 2023

1. General information

James Square Plymouth Limited is a company limited by guarantee incorporated in England with company number 05726343 and charity number 1113776. The registered office is 1st Floor, 12 Arthur Street, London, EC4R 9AB.

2. Principal accounting policies

(a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities; Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The Charity has chosen to apply transitional relief under Section 35.10 (i) Service concession arrangements – Accounting by operators and as a result its principal asset which meet the definition of service concession arrangements under Section 34 but where the contract was entered into before the date of transition will continue to be accounted for using the same accounting policies being applied at the date of transition to FRS 102.

The financial statements are presented in Sterling (£), which is the Charity'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 judgement in applying the Charity's accounting policies (see note 3).

The Charity is a Public Benefit Entity.

The following principal accounting policies have been applied:

(b) Going concern

The financial statements have been prepared on a going concern basis, which the Trustees consider to be appropriate for the following reasons.

In preparing these financial statements, the Trustees have considered the impact of the current inflationary environment on the ability of the Charity to continue as a going concern by preparing a cash flow forecast through to 31 August 2025, which demonstrates that the Charity is expected to have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements.

A key feature of the Charity's contractual arrangements is that it has an unconditional contractual right to receive cash from the University of Plymouth in return for constructing or upgrading the public sector asset. The Charity must then operate and maintain the asset for the specified period. The Trustees anticipate that the Charity's university counterparty – University of Plymouth, will meet its payment obligations as they fall due and, as a result, credit and revenue risks for the 23/24 financial year remain low. The Charity's income is underwritten by the university counterparty with contractual provisions to cover inflationary increases in operating costs and its debt is fixed, accordingly the Trustees consider that the Charity's costs are reasonably controllable.

James Square Plymouth Limited

Notes to the financial statements (continued)

for the year ended 31 August 2023

2. Principal accounting policies (continued)

(b) Going concern (continued)

The Trustees believe that the fundamentals of the market for student accommodation remain supportive to the long-term success of the business.

On this basis, the Trustees are confident that the Charity will have sufficient funds to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

(c) Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity. There are no restricted funds.

(d) Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates whether legal or construction obligation to make a payment, probable that settlement is required and obligation can be measured.

- Cost of generating funds includes interest payable and similar charges.
- Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both direct costs and support costs relating to these activities.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity e.g. the audit fees (for audit costs refer to note 5), Trustees' expenses, sundry legal fees and other costs linked to the strategic management of the charity. These costs are borne by UPP Residential Services Limited under the Management Services Agreement. Governance costs are shown as charitable expenditure.

(e) Finance receivable and interest receivable

The Charity has elected to take the exemption under FRS 102 paragraph 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. Therefore, the Charity continues to adopt the provisions of FRS 5 (Application Note F) in determining the appropriate treatment of the principal asset of the Charity.

During the construction phase, all attributable expenditure including net finance costs are included in the cost of the finance asset. The finance receivable assets are subsequently valued using the internal rate of return method calculated on the basis of net present value of future cash flows throughout the operational phase, which vary from year to year.

This method of amortisation has been chosen as the profile of profit recognition is principally in line with the debt costs incurred over the life of the project. The amortisation charge or credit is then credited or debited to finance receivable.

James Square Plymouth Limited

Notes to the financial statements (continued)

for the year ended 31 August 2023

2. Principal accounting policies (continued)

(f) Income resources

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Income is recognised on a straight-line basis of the amount receivable in respect of the rental period. Amounts received in advance are included within deferred income.

Income received is apportioned in the Statement of Financial Activities between rental receipts to cover the governance costs of the Charity and investment income.

(g) Interest bearing loans and borrowings

Senior debt is initially measured at fair value, net of transaction costs. They are then subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial liability, or (where appropriate) a shorter year, to the net carrying amount on initial recognition.

(h) Finance costs

Financing costs, comprising interest payable on loans and the costs incurred in connection with the arrangement of borrowings are recognised in the statement of financial activities using the effective interest method. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument unless the capital instrument is subsequently carried at fair value in which case the initial issue costs are expensed in the statement of financial activities.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

James Square Plymouth Limited

Notes to the financial statements (continued)

for the year ended 31 August 2023

2. Principal accounting policies (continued)

(j) Debtors

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.

When there is an objective evidence that the financial asset is impaired, the impairment loss is determined by making an estimate of the likely recoverable value of debtors by considering factors such as the credit rating, the aging profile and the historic experience of the respective debtor.

(k) Cash at bank

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.

(l) 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.

James Square Plymouth Limited

Notes to the financial statements (continued)

for the year ended 31 August 2023

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 Charity's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and assumptions are reviewed on an on-going basis with revisions recognised in the period in which the estimates are revised and in any future periods affected.

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

Presentation of the finance receivable (Note 12)

Rent receivable is generated from the Charity's interests in university accommodation. These interests fall within the scope of Section 34 of FRS 102, however, due to the transitional relief adopted in relation to service concession arrangements, the Charity continues to account for all its principal assets applying the policies under the extant UK GAAP, FRS 5 (Application Note F).

Each year the Charity applies judgement in assessing the status of these interests, in accordance with the provisions of FRS 5 (Application Note F), assessing the balance of the significant risks and rewards of ownership of the asset. The appropriate balance sheet treatment of these interests is to treat the asset as a finance receivable asset where the company does not have the majority of significant risks and rewards. Where it does, the asset is treated as a tangible fixed asset.

The trustees consider the balance of risks and rewards does not lie with the Charity due to the Charity not taking the key demand risk and therefore the principal asset is treated as a finance receivable.

4. Trustees' remuneration and related party transactions

All Trustees give of their time freely and no Trustee remuneration was paid in the year (2022 - £nil). No Trustee, Director or other person related to the Charity had any personal interest in any contract or transaction entered into by the charity during the year.

James Square Plymouth Limited

Notes to the financial statements (continued)

for the year ended 31 August 2023

5. Audit fees

The audit fees for the year ended 31 August 2023 were £15,000 (2022 - £16,000) and were borne by UPP Residential Services Limited under the Management Services Agreement.

6. Employee information

There were no persons employed or remunerated by the Charity at any time during the period.

7. Taxation

The Charity is a registered charity and no provision is considered necessary for taxation.

8. Investment income

	2023 £'000	2022 £'000
Interest on finance receivable	<u>1,809</u>	1,123
	<u>1,809</u>	<u>1,123</u>

All of the Charity's investment income arises from income on the finance receivable asset.

9. Interest payable and similar charges

	2023 £'000	2022 £'000
Bank loan interest	<u>1,104</u>	<u>1,099</u>

10. Charitable activities

	2023 £'000	2022 £'000
Student sponsorship	<u>15</u>	15
	<u>15</u>	<u>15</u>

During the year the Charity awarded 6 Marine Academy Plymouth students a total of £15,000 (2022 - £15,000). The funds were used to support the costs of living including travel, books, software and equipment associated with their courses.

James Square Plymouth Limited

Notes to the financial statements (continued)

for the year ended 31 August 2023

11. Governance costs

	2023 £'000	2022 £'000
Management fee	65	57
Bank charges	7	11
	<u>72</u>	<u>68</u>

The management fee is payable to UPP Residential Services Limited to manage the payment of rents from the University of Plymouth and servicing of debt to the senior lender. Bank charges include the annual bank agency fee payable to the senior lender.

Trustees' expenses are borne by UPP Residential Services Limited under the Management Services Agreement described on page 1.

12. Debtors subject to non-recourse finance

	2023 £'000	2022 £'000
Finance receivable	<u>23,685</u>	<u>23,417</u>

The finance receivable balance is split between £1,672,000 (2022 - £1,618,000) falling due within one year and £22,013,000 (£21,799,000) falling due more than one year.

The terms of the finance agreement provide that the lender will seek repayment of the finance only to the extent that sufficient funds are generated by specific assets financed and will not seek recourse to the charity in any other form. The charity is not obliged to support any losses, nor does it intend to do so. The finance receivable is in place until 2041.

The finance agreement provides two charges, dating from 13 December 2006 and 8 January 2007 respectively, over the asset covered by the lease at Drake Circus, Plymouth.

13. Debtors: amounts falling due within one year

	2023 £'000	2022 £'000
Sundry debtors and accrued income	<u>15</u>	<u>-</u>

14. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Bank loans (note 15)	451	392
Trade creditors	21	34
Accruals	76	75
	<u>548</u>	<u>501</u>

James Square Plymouth Limited
Notes to the financial statements (continued)
for the year ended 31 August 2023

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

	2023 £'000	2022 £'000
Senior debt	<u>22,968</u>	<u>23,460</u>
Maturity of debt		
Repayable within one year or on demand	451	392
Repayable in more than one year but less than two years	514	451
Repayable in more than two years but less than five years	1,966	1,749
Repayable in more than five years	<u>20,488</u>	<u>21,260</u>
	23,419	23,852
Less: included in creditors amounts falling due within one year	(451)	(392)
	<u>22,968</u>	<u>23,460</u>

Senior debt

The senior debt is repayable by 13 December 2041 with principal repayments commencing on 30 November 2008. The Charity has a fixed rate loan with an interest rate of 4.425%+0.23% per annum until August 2013 and 5.172%+0.225% thereafter.

16. Reconciliation of net debt

	At start of year £'000	Interest £'000	Cash- flows £'000	Movement to loans falling due within one year £'000	Impact of effective interest rate £'000	At end of year £'000
Loans falling due within one year	392	1,104	(1,537)	451	41	451
Loans falling due after more than one year	23,460	-	-	(451)	(41)	22,968
Total	<u>23,852</u>	<u>1,104</u>	<u>(1,537)</u>	<u>-</u>	<u>-</u>	<u>23,419</u>

James Square Plymouth Limited

Notes to the financial statements (continued)

for the year ended 31 August 2023

17 Financial instruments

	2023 £000	2022 £000
Financial assets		
Financial assets measured at amortised cost	<u>24,262</u>	<u>24,017</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>23,516</u>	<u>23,961</u>

Financial assets measured at amortised cost comprise finance receivable and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise senior debt, trade creditors and accruals.

18. Movements in fund

	Incoming resources £'000	Outgoing resources £'000	Total resources £'000
Unrestricted funds			
Total funds 31 August 2022	17,408	(17,352)	56
Unrestricted funds	1,896	(1,191)	705
Total funds 31 August 2023	<u>19,304</u>	<u>(18,543)</u>	<u>761</u>