

# Campus Living Villages UK Limited

**Annual report and financial statements  
for the year ending 30 June 2011**

**Registered number 6604874**

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**CAMPUS LIVING VILLAGES UK LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

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Campus Living Villages UK Limited is a company incorporated and domiciled in the United Kingdom and its registered office is

6th Floor, One London Wall  
London  
United Kingdom  
EC2Y 5EB

**CAMPUS LIVING VILLAGES UK LIMITED  
DIRECTORS REPORT  
FOR THE YEAR ENDED 30 JUNE 2011**

**Introduction**

The directors of Campus Living Villages UK Limited ("CLV UK") (Registered number 6604874) present this report for the financial year of CLV UK from 1 July 2010 to 30 June 2011.

**Directors**

Gary Clarke was the sole director of CLV UK from 1 July 2010 to 21 June 2011. On 21 June 2011 Joanne Sexton was appointed as a second director of the company and these directors remain in position to the date of signing the financial statements.

**Principal activities**

The principal business activities of CLV UK are to provide head office management services for the UK based CLV student accommodation entities and to enter into tenders for any future acquisition, development and management of new student accommodation properties.

**Distributions**

No distributions were declared or paid during the period (2010 Nil).

**Review of operations**

This was the second full year of operation for CLV UK. The company continued to provide services outlined in the Operator Agreement to its sister company Campus Living Villages (Salford) UK Limited ("CLV Salford") for the management of the operations at the University of Salford Student Village.

The company entered into a new contract with the University of Bedfordshire during the year and on the 2 July 2010 signed an agreement to develop new accommodation of 853 beds and to manage a further 1,049 beds for the next 10 years. The management contract commenced on 2 July, the new build will be completed for operation for the new academic year commencing September 2011. A development fee of £574,000 was paid to CLV UK for managing the development process.

The company has otherwise been engaged in the identification and tendering for the acquisition, development and management of other student accommodation facilities across the United Kingdom. The company was shortlisted for a new management and development deal at the University of Essex but was not selected as the preferred bidder on 17 July 2011. The bid costs for this deal of £24,310 have been written off this year.

The loss after tax for the period was £342,666 (2010: £616,743). The company received revenue in the form of management fees of £143,066 from related parties (2010: £82,919) and £299,321 from external parties (2010: £0). Head Office personnel costs incurred during the year were £668,396 (2010: £318,639), and administration expenses were £498,240 (2010: £204,923). It is anticipated that once CLV UK reaches 3,500 beds the company will be in a profit making position. Upon completion of the construction contract at the University of Bedfordshire, it is expected that the UK Group will own and manage 1,608 beds, and manage a further 1,758 beds.

In FY 2011 CLV UK has identified additional key targets for both acquisition and management.

**CAMPUS LIVING VILLAGES UK LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2011**

Given that CLV UK is not a trading entity, it was not considered necessary to use Key Performance Indicators as an analysis tool for its activities

**Solvency position**

As at 30 June 2011, the entity has a net liability position of £2,228,618 (2010: £1,885,952), arising from two years of operating losses amounting to £2,285,965 (2010: £1,943,299)

On 30 November 2009 a loan was provided from CLV Finance UK Limited ("CLV Finance"), which is an indirect subsidiary of Campus Living Finance Trust ("CLFT"). The loan facility is denominated in Sterling and is a principal commitment of £3.0 million at an interest rate of LIBOR plus 2.25% per annum or a margin as determined by CLV Finance and notified to CLV UK. The repayment date is 1 November 2019. The loan from CLV Finance can be used by CLV UK to meet its current liabilities.

**Changes in state of affairs**

There were no changes in the state of affairs of the company during the year (2010: none).

**Outlook for following financial year**

A full year of services was provided under the Operator Agreement with CLV Salford and the development fee and the management of 1,049 beds at the University of Bedford for the year and although it is anticipated that CLV UK will still be loss making in 2012, it should reach profitability in 2013

**Loans to directors and executives**

There are no loans to or from directors or executives during the year, at year end or at the date of this report (2010: none)

**Directors' indemnities**

As permitted by the Articles of Association, the Directors and senior management have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Campus Living Villages Fund also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of all of the CLV subsidiaries and its directors.

**Political and charitable donations**

The company made no political or charitable donations or incurred any political expenditure during the period

**Independent auditors**

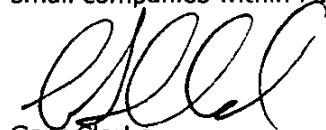
PricewaterhouseCoopers LLP were reappointed to office during the financial year and have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the Annual General Meeting

**Matters subsequent to the end of the financial period**

Since 30 June 2011, the directors have not identified any matters that would require disclosure in the annual report.

**CAMPUS LIVING VILLAGES UK LIMITED**  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006



Gary Clarke  
**Director**



Joanne Sexton  
**Director**

**CAMPUS LIVING VILLAGES UK LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	<b>Note</b>	<b>2011</b> <b>£</b>	<b>2010</b> <b>£</b>
Management fees		1,016,556	82,919
Other income		14,603	87,208
<b>Revenue</b>		<b>1,031,159</b>	<b>170,127</b>
Employee benefits expense	3	(668,396)	(318,639)
Administrative expense		(498,240)	(204,923)
Depreciation		(19,453)	(6,842)
Other expenses		(103,677)	(39,959)
Bid cost written off	8	(24,310)	(1,399)
<b>Operating loss</b>		<b>(282,917)</b>	<b>(401,635)</b>
Unrealised foreign exchange loss		-	(167,007)
Interest expense		(54,577)	(52,534)
<b>Finance costs</b>		<b>(54,577)</b>	<b>(219,541)</b>
<b>Loss before taxation</b>		<b>(337,494)</b>	<b>(621,176)</b>
Income tax (expense)/credit	4(a)	(5,172)	4,433
<b>Loss for financial year</b>		<b>(342,666)</b>	<b>(616,743)</b>

*The company has no other comprehensive income other than the loss for the year*

**CAMPUS LIVING VILLAGES UK LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2011**

	<b>Note</b>	<b>2011 £</b>	<b>2010 £</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property plant and equipment	7	62,260	57,850
Deferred tax assets	4(c)	1,718	6,890
		<b>63,978</b>	<b>64,740</b>
<b>Current assets</b>			
Trade and other receivables	6	283,156	169,635
Related party receivables		76,083	-
Cash and cash equivalents	5(a)	147,444	13,834
		<b>506,683</b>	<b>183,469</b>
<b>TOTAL ASSETS</b>		<b>570,661</b>	<b>248,209</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Related party borrowings	9	(291,094)	(166,268)
Trade and other payables	10	(155,088)	(490,421)
Related party payables	15	(81,734)	-
		<b>(527,916)</b>	<b>(656,689)</b>
<b>Non-current liabilities</b>			
Related party borrowings	15	(2,271,363)	(1,477,472)
		<b>(2,271,363)</b>	<b>(1,477,472)</b>
<b>TOTAL LIABILITIES</b>		<b>(2,799,279)</b>	<b>(2,134,161)</b>
<b>NET LIABILITIES</b>		<b>(2,228,618)</b>	<b>(1,885,952)</b>
<b>EQUITY</b>			
Capital and Reserves Attributable to the Owners of the company			
Share capital	11	57,347	57,347
Accumulated loss	12	(2,285,965)	(1,943,299)
<b>TOTAL EQUITY</b>		<b>(2,228,618)</b>	<b>(1,885,952)</b>

These financial statements on pages 5 to 23 were approved by the board on 7 December 2011.

  
 Gary Clarke  
**Director**

  
 Joanne Sexton  
**Director**

**CAMPUS LIVING VILLAGES UK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	Share capital	Accumulated loss	Total equity
	£	£	£
<b>Opening balance of equity at 1 July 2010</b>	<b>57,347</b>	<b>(1,943,299)</b>	<b>(1,885,952)</b>
Loss for the year and total comprehensive income	-	(342,666)	(342,666)
<b>Total equity at 30 June 2011</b>	<b>57,347</b>	<b>(2,285,965)</b>	<b>(2,228,618)</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes*

**Comparative Statement of changes in Equity for the year ended 30 June 2010**

	Share capital	Accumulated loss	Total equity
	£	£	£
<b>Opening balance of equity at 1 July 2009</b>	<b>57,347</b>	<b>(1,326,556)</b>	<b>(1,269,209)</b>
Loss for the year and total comprehensive income	-	(616,743)	(616,743)
<b>Total equity at 30 June 2010</b>	<b>57,347</b>	<b>(1,943,299)</b>	<b>(1,885,952)</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes*



**CAMPUS LIVING VILLAGES UK LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	<b>Note</b>	<b>2011 £</b>	<b>2010 £</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		841,555	16,789
Payments to suppliers		(1,509,816)	(244,559)
Bid costs incurred	8	(24,310)	(1,399)
<b>Net cash flow from operating activities</b>	5 (b)	<b>(692,571)</b>	<b>(229,169)</b>
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment		(37,960)	(34,127)
<b>Net cash outflow from investing activities</b>		<b>(37,960)</b>	<b>(34,127)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	11	-	-
Proceeds from related party loans		864,140	243,537
<b>Net cash inflow from financing activities</b>		<b>864,140</b>	<b>243,537</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>133,610</b>	<b>(19,759)</b>
Cash and cash equivalents at the beginning of the financial year		13,834	33,593
<b>Cash and cash equivalents at the end of the financial year</b>	5 (a)	<b>147,444</b>	<b>13,834</b>

*The above Cash Flow Statement should be read in conjunction with the accompanying notes*

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

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**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**1. Summary of accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to the entire period presented. The financial report includes Campus Living Villages UK Limited ("CLV UK").

**a) Basis of preparation**

The company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs"), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS and on a going concern basis. For further information on going concern refer below to solvency position. Unless otherwise indicated, all amounts are presented in Sterling.

*New and amended standards adopted by the Company*

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2010:

- IAS 1 (revised), 'Presentation of financial statements'.
- IAS 23 (revised) - Borrowing costs

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 July 2010, but are not currently relevant for the company:

- IFRIC 13 - Customer loyalty programmes
- IFRS 2 (amendment), 'Share-based payment'
- IFRS 8 'Operating segments'

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 July 2011 or later periods, but the Company has not early adopted them:

- IAS 1 (amendment) - 'Presentation of financial statements'
- IAS 27 (revised), 'Consolidated and separate financial statements'
- IAS 32 and IAS 1 (amendments) - Presentation of puttable financial instruments and obligations arising on liquidation
- IAS 38 (amendment) - 'Intangible Assets'
- IAS 39 (amendment) - Financial instruments: Recognition and measurement of reclassification of financial assets
- IFRS 2 (amendments) - 'Group cash-settled share-based payment transaction'
- IFRS 3 (revised) - 'Business combinations'
- IFRS 5 (amendment) - 'Non-current assets held for sale and discontinued operations'
- IFRIC 14 - Defined benefit assets
- IFRIC 17 - 'Distribution of non-cash assets to owners'

*Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

***Summary of accounting policies (continued)***

***Critical accounting estimates***

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are set out in the applicable accounting policy note. There are no critical accounting estimates used in the CLV UK 2011 statutory accounts.

***Solvency position***

As at 30 June 2011, the entity has a net liabilities position of £2,228,618. The entity has also experienced operating losses of £342,666 during the financial year.

On 30 November 2009, a loan was provided from related party CLV Finance, which is an indirect subsidiary of CLFT. The facility is denominated in Sterling and is a principal commitment of £3.0 million at an interest rate of LIBOR plus 2.25% per annum or a margin as determined by CLV Finance UK and notified to CLV UK. The repayment date is 1 November 2019. The loan from CLV Finance UK can be used by CLV UK to meet its current liabilities if the need arises. To 30 June 2011 the principal balance on the loan was £2,033,217. Interest accrues on a daily basis onto the loan principal. During the current period £45,048 of interest has accumulated on the loan (see note 9).

CLV UK is part of the Campus Living Villages ("CLV") Fund and certain Fund entities will continue to provide support CLV UK to ensure it continues as a going concern.

**b) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. The entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the revenue have been resolved.

Revenue is recognised for the major business activities as follows.

- Management fees
- Interest income on cash deposits

**c) Income tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused revenue tax losses.

The standard rate of Corporation Tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly, the company's profits for this accounting period are still taxed at an effective rate of 27.5% and will be taxed at 26% in the future.

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

***Summary of accounting policies (continued)***

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences for the carrying amount and the tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**d) Cash and cash equivalents**

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**e) Financial assets**

**Classification**

The entity classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables, other current assets, receivables and other non-current assets in the statement of financial position.

**CAMPUS LIVING VILLAGES UK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

***Summary of accounting policies (continued)***

**Recognition and derecognition**

Loans and receivables are recognised on the date on which the entity commits to or enters into the relevant loan agreement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership.

**Subsequent measurement**

Loans and receivables are carried at amortised cost using the effective interest method.

**Fair value**

If the market for a financial asset is not active, the entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

**Impairment**

The entity assesses at each reporting date whether there is objective evidence that a financial asset or entity of financial assets is impaired. Impairment losses are recognised in the income statement.

**f) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

**g) Property, and plant equipment**

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

**CAMPUS LIVING VILLAGES UK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

***Summary of accounting policies (continued)***

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Furniture, fittings and equipment                      3-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is the entity's policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

**h) Employee benefits**

*Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

**i) Trade and other payables**

These amounts represent liabilities for goods and services provided to the entity prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

**j) Borrowings and borrowing costs**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Borrowing costs are expensed.

**k) Issued capital**

The issued capital of the entity is the ordinary share capital of CLV UK. The ordinary shares are classified as share capital within equity.

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

***Summary of accounting policies (continued)***

**l) Operating lease payments**

Payments made under operating lease payments are recognised in the income statement on a straight line basis over the term of the lease

**m) Foreign currency**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

**n) Trade and other receivables**

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are generally due for settlement within 30 days

**o) Distributions**

Provision is made for the amount of any distribution declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at reporting date

**2. Financial risk management**

CLV UK's activities expose it to a variety of financial risks, which include credit risk, cash flow interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. The entity holds the following financial instruments:

	<b>2011 (£)</b>	<b>2010 (£)</b>
<b><u>Financial assets</u></b>		
Cash and cash equivalents	147,444	13,834
Trade and other receivables	283,156	88,365
Related party receivables	76,083	-
	<b><u>506,683</u></b>	<b><u>102,199</u></b>
<b><u>Financial Liabilities</u></b>		
Trade and other payables	155,088	489,637
Related party payables	81,734	-
Related party borrowings	2,562,457	1,643,740
	<b><u>2,799,279</u></b>	<b><u>2,133,377</u></b>



**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**a) Credit risk**

Credit risk arises from cash and cash equivalents, deposits with major banks and financial institutions and loans to related parties and entities within the CLV Fund. Only banks and financial institutions with high credit ratings are used to deposit funds. Credit granted to related parties is monitored regularly and the loan agreements contain unsecured recourse against the borrower for default of the loans.

**b) Cash flow interest rate risk**

As all interest is added to principal there is no cash flow interest rate risk. The borrowings are from related party CLV Finance and related party CLV Salford.

	<b>2011 (£)</b>	<b>2010 (£)</b>
Related party borrowings	2,562,457	1,643,740

**c) Liquidity risk**

Cash flow forecasts are utilised to manage liquidity risk. Capital expenditure is funded through borrowings and cash calls from investors. Repayments of borrowings are funded through cash generated from operations, refinancing and cash calls from investors where required.

The forecasted payments of interest and principal for the financial liabilities of the remaining contractual liabilities, including internal and external loans are:

	<b>2011 (£)</b>	<b>2010 (£)</b>
Payments within one year	58,519	49,243
Payments within two to five years	234,075	155,326
Payments after five years	2,325,810	1,898,773
<b>Total payments</b>	<b>2,618,404</b>	<b>2,103,342</b>

**3. Employee benefits expense**

The average number of persons employed by the company (including the directors) during the period, analysed as follows:

	<b>2011</b>	<b>2010</b>
Number of Employees		
Administration	10	4
Property Management	40	39
<b>Total</b>	<b>50</b>	<b>43</b>

The property management employee expenses for the period were paid by CLV Salford and the University of Bedfordshire. The aggregate payroll costs of CLV UK were as follows.

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**3. Employee benefits expense (continued)**

	<b>2011 (£)</b>	<b>2010 (£)</b>
Wages and salaries	536,455	303,803
Social Security costs	49,395	12,621
Pension costs	1,220	-
Other employee related costs	81,326	2,215
	<b>668,396</b>	<b>318,639</b>

**Pension scheme**

The company scheme is a defined contribution scheme and payments into the scheme are written to profit and loss. The company paid no administration costs for the scheme during the current year.

**Directors' emoluments**

From 1 July 2010 to 31 January 2011 Gary Clarke was a salaried employee of Transfield Corporate Pty Limited ("Transfield") an associated company of CLV UK. The salary recharge from Transfield to Campus Living Villages Pty Limited ("CLV PTY") for Gary Clarke was £96,250 (2010: £150,000). From 1 February 2011 the Director became a direct employee of CLV UK. During this period emoluments paid totalled £68,750 (2010: £0).

Emoluments in the period to Joanne Sexton from appointment on 21 June 2011 to year end on 30 June 2011 were £1,786.

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**4. Income tax expense**

a. Income tax expense:

	<b>2011 (£)</b>	<b>2010 (£)</b>
Temporary differences in current year	5,172	(4,156)
Prior year (over) / under provision	-	(277)
<b>Total tax expense/(credit)</b>	<b><u>5,172</u></b>	<b><u>(4,433)</u></b>

b. Reconciliation of income tax expense to prima facie tax payable

	<b>2011 (£)</b>	<b>2010 (£)</b>
Loss before taxation	(337,494)	(621,176)
Taxation at the domestic corporate tax rate of 28%	(94,498)	(173,929)
Losses not recognised	83,150	156,689
Non-deductible expenses	-	13,084
Under/over in prior periods	-	(277)
Other	16,520	-
<b>Total income tax credit</b>	<b><u>5,172</u></b>	<b><u>(4,433)</u></b>

c. Deferred taxation asset

This balance comprises temporary differences attributable to:

	<b>2011 (£)</b>	<b>2010 (£)</b>
Property, plant and equipment	1,851	1,850
Change in tax rate to 26%	(133)	-
Other	-	5,040
<b>Total deferred tax asset</b>	<b><u>1,718</u></b>	<b><u>6,890</u></b>

d. Movement in deferred tax balance for year

	<b>2011 (£)</b>	<b>2010 (£)</b>
Opening balance	6,890	2,457
(Charge)/credit recorded in statement of comprehensive income	(5,172)	4,433
<b>Total deferred tax asset</b>	<b><u>1,718</u></b>	<b><u>6,890</u></b>

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**5. Cash and cash equivalents and notes to the cash flow statement**

a. Cash at year end comprises

	<b>2011 (£)</b>	<b>2010 (£)</b>
Cash at bank and on hand	139,624	7,764
Cash and cash equivalents	7,820	6,070
Cash balance per cash flow statement	<b>147,444</b>	<b>13,834</b>

b. Reconciliation of loss for the period to net cash flow from operating activities.

	<b>2011 (£)</b>	<b>2010 (£)</b>
Loss for the year after income tax	(342,666)	(616,743)
Adjustments for		
Depreciation	19,453	6,842
Disposal of plant, property and equipment	14,096	-
Finance costs	54,577	52,534
Taxation	5,172	(4,433)
Foreign exchange gains and losses	-	167,007
Working capital adjustments		
- Increase in trade, related party and other receivables	(189,604)	(72,068)
- (Decrease)/Increase in trade, related party and other payables	(253,599)	318,962
<b>Net cash flow from operating activities</b>	<b>(692,571)</b>	<b>(147,899)</b>

**6. Trade and other receivables**

	<b>2011 (£)</b>	<b>2010 (£)</b>
Trade receivables	178,183	17,872
Other receivables	104,973	151,763
<b>Total trade and other receivables</b>	<b>283,156</b>	<b>169,635</b>

The total trade receivables balance represents:

	<b>2011 (£)</b>	<b>2010 (£)</b>
Not past due and not impaired	77,987	17,872
Past due and not impaired	100,196	-
Past due and impaired	-	-
<b>Total trade and other receivables</b>	<b>178,183</b>	<b>17,872</b>

Due to their short maturities, the fair value of trade and other receivables approximates their book value.

Trade receivables are stated net of provisions. When management considers the recovery of a receivable to be improbable, a provision is made against the carrying value of the receivable. There have been no provisions made within CLVUK.

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**7. Property, plant and equipment**

	Furniture and fittings	Equipment	Capital Work in Progress	Total
30 June 2011				
	£	£	£	£
Cost	47,273	38,277	-	<b>85,550</b>
Accumulated depreciation	(6,197)	(17,093)	-	<b>(23,290)</b>
<b>Net Book Value</b>	<b>41,076</b>	<b>21,184</b>	-	<b>62,260</b>

**Reconciliation of opening to closing net book amount**

	£	£	£	£
Opening net book amount	14,771	21,079	22,000	<b>57,850</b>
Additions	48,653	10,744	(22,000)	<b>37,960</b>
Disposals	(13,534)	(563)	-	<b>(14,097)</b>
Depreciation	(8,814)	(10,639)	-	<b>(19,453)</b>
<b>Closing net book amount</b>	<b>41,076</b>	<b>21,184</b>	-	<b>62,260</b>

	Furniture and fittings	Equipment	Capital Work in Progress	Total
30 June 2010				
	£	£	£	£
Cost or Fair value	22,197	27,841	22,000	<b>72,038</b>
Accumulated depreciation	(7,426)	(6,762)	-	<b>(14,188)</b>
<b>Net Book Value</b>	<b>14,771</b>	<b>21,079</b>	<b>22,000</b>	<b>57,850</b>

**Reconciliation of opening to closing net book amount**

	£	£	£	£
Opening net book amount	20,752	9,814	-	<b>30,566</b>
Additions/(Disposals)	(2,722)	14,848	22,000	<b>34,126</b>
Depreciation	(3,259)	(3,583)	-	<b>(6,842)</b>
<b>Closing net book amount</b>	<b>14,771</b>	<b>21,079</b>	<b>22,000</b>	<b>57,850</b>

**8. Bid costs written off**

During the period there was a write off amounting to £24,310 which related to work carried out on a bid with a particular University. On 18 July 2011, CLV were informed by the University advisors that their bid had not been successful. The costs included the necessary due diligence and consultancy fees incurred in order to compile the bid documents.

**9. Related party borrowings**

	2011(£)	2010(£)
Borrowings (CLV Finance UK)	2,033,217	1,477,472
Borrowings (CLV Salford)	238,146	166,268
<b>Total Borrowings</b>	<b>2,271,363</b>	<b>1,643,740</b>

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**9. Related party borrowings (continued)**

On 30 November 2009, a loan was provided from related party CLV Finance. The facility is denominated in Sterling and is a principal commitment of £3.0 million at an interest rate of LIBOR plus 2.25%

The total amount drawn down to date is £2,033,217. Interest of £45,048 has accumulated on the loan during the year.

On 30 November 2009 a second related party loan agreement was entered into with CLV Salford of which £238,146 has been drawn. Interest of £9,289 has accumulated on the loan principal.

**10. Trade and other payables**

	<b>2011(£)</b>	<b>2010(£)</b>
Trade payables	53,040	41,076
Intercompany payables	-	384,997
Other payables	102,048	64,348
<b>Total trade and other payables</b>	<b>155,088</b>	<b>490,421</b>

*Other payables include accruals and payroll related payables*

**11. Share capital**

CLV UK has 57,347 shares issued at £1 each share – issued and fully paid £  
57,347

*Authorised:* 100,000 Ordinary shares of £1 each

CLV UK did not issue shares during either the current or the prior year.

**12. Accumulated loss**

	<b>2011(£)</b>	<b>2010(£)</b>
Reconciliation of Accumulated loss:		
Balance at the beginning of the year	(1,943,299)	(1,326,556)
Loss for the financial year	(342,666)	(616,743)
	<b>(2,285,965)</b>	<b>(1,943,299)</b>

**13. Remuneration of auditors**

During the period, the following fees were paid or payables for services provided by the auditor of the entity, its related practices and non-related audit firms:

	<b>2011(£)</b>	<b>2010(£)</b>
PricewaterhouseCoopers LLP, Chartered		
Audit of financial reports	3,000	3,250
Other services	10,695	-
<b>Total remuneration for services</b>	<b>13,695</b>	<b>3,250</b>

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**14. Operating lease**

Non-cancellable operating lease rentals are payable as follows:

	<b>2011(£)</b>	<b>2010(£)</b>
Less than one year	71,303	14,000
Between one and five years	231,735	10,000
Greater than five years	-	-
<b>Total operating lease payments</b>	<b>303,038</b>	<b>24,000</b>

**15. Related parties**

The company had the following transactions in the period with related parties

	<b>2011(£)</b>	<b>2010(£)</b>
Inter-company interest expense (CLFT)	-	23,925
Loan balance adjustment (CLV Finance)	-	2,894
Management Fee received (CLV Salford)	(143,033)	(82,919)
Inter-company interest expense (CLV Salford)	9,289	3,353
Recharge of Transfield Holdings Costs (CLV Pty)	680,081	81,324
Related party interest expense (CLV Finance)	45,048	23,771
Inter-company balance (CLV Salford)	291,094	72,613

The Transfield Holding costs were invoiced in the current year but a portion had been accrued in prior years

The company had the following balances at period end with related parties

	<b>2011(£)</b>	<b>2010(£)</b>
Related party receivables	76,083	-
Related party payables	81,734	-
Borrowings (CLV Finance UK)	2,033,217	1,477,472
Borrowings (CLV Salford)	238,146	166,268

**16. Parent company and ultimate parent company**

Parent company: CLV UK Accommodation Holdings Pty Limited. Ultimate parent company: CLFM as responsible entity for Campus Living Overseas Trust. Copies of the Group financial statements may be obtained from Pier 8/9, 23 Hickson Road, Walsh Bay, Sydney NSW 2000, Australia

**17. Contingencies**

Management have not identified any contingencies at year end (2010: none)

**18. Capital commitments**

There were no capital commitments at year end (2010: none).

**CAMPUS LIVING VILLAGES UK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**19.Events occurring after the balance sheet date**

Since 30 June 2011, there have been changes to the corporation tax rates which will affect CLV UK.

In addition to the changes in rates of corporation tax disclosed within note 4, a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 was substantively enacted on 5 July 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The effect of the changes enacted on 5 July 2011 is to reduce the deferred tax asset provided at the balance sheet date and reductions of the main rate of corporation tax by 1% per year to 23% by 1 April 2014. The change to the tax calculation is not considered to be material



**CAMPUS LIVING VILLAGES UK LIMITED**  
**STATEMENT OF THE DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 30 JUNE 2011**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the director 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,
- 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

**Note:**

In certain circumstances clients may choose to include an additional statement here which is required to be made within the directors' report as a result of Section 418 of the Companies Act 2006

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.



Gary Clarke

**Director**



Joanne Sexton

**Director**

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**CAMPUS LIVING VILLAGES UK LIMITED**  
**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF CAMPUS LIVING VILLAGES UK LIMITED**

We have audited the financial statements of Campus Living Villages UK Limited for the year ended 30 June 2011 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2006

**CAMPUS LIVING VILLAGES UK LIMITED**

**TO THE MEMBERS OF CAMPUS LIVING VILLAGES UK LIMITED**

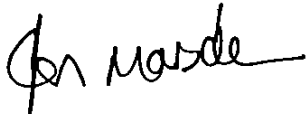
**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

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



Ian Marsden (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester

4 December 2011