

# Campus Living Villages UK Limited

**Annual report and financial statements  
for the year ending 30 June 2010**

**Registered number 6604874**

**30 June 2010**

THURSDAY



\*ATPM708H\*

A06

14/10/2010

335

COMPANIES HOUSE

**CAMPUS LIVING VILLAGES UK LIMITED**  
**ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2010**  
**TABLE OF CONTENTS**

**TABLE OF CONTENTS**

|                                                   |    |
|---------------------------------------------------|----|
| DIRECTOR'S REPORT.....                            | 2  |
| INCOME STATEMENT.....                             | 4  |
| STATEMENT OF FINANCIAL POSITION .....             | 5  |
| STATEMENT OF CHANGES IN EQUITY .....              | 6  |
| CASH FLOW STATEMENT .....                         | 7  |
| NOTES TO THE FINANCIAL STATEMENTS .....           | 8  |
| STATEMENT OF THE DIRECTOR'S RESPONSIBILITIES..... | 22 |
| INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS.....  | 23 |

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

201 Bishopsgate  
London  
EC2M 3AF

**CAMPUS LIVING VILLAGES UK LIMITED  
DIRECTOR'S REPORT  
FOR THE YEAR ENDED 30 JUNE 2010**

**Introduction**

The director of Campus Living Villages UK Limited ("CLV UK") (Registered number 6604874) presents this report for the financial year of CLV UK from 1 July 2009 to 30 June 2010.

**Directors**

Gary Clarke is currently the sole director of CLV UK and was a director of CLV UK for the entire period up to the date of signing this financial statement.

**Principal activities**

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

**Distributions**

No distribution's were declared or paid during the period.

**Review of operations**

This was the first full year of operation for CLV UK. On 29 November 2008, CLV UK entered into an Operator Agreement for the provision of services to its sister company Campus Living Villages (Salford) UK Limited ("CLV Salford") for the management of the operations and refurbishment works at the university student accommodation facilities in Salford.

The company entered into negotiations with the University of Bedfordshire during the year and on the 2 July 2010 signed an agreement to develop an accommodation building for 853 beds, and to manage a further 1,049 beds for the next 10 years. A one off development fee of £180,000 will be paid to CLV UK for managing the development process.

The company has otherwise been predominantly engaged in the identification and tendering for the acquisition, development and management of other student accommodation facilities across the United Kingdom.

The loss after tax for the period was £616,743. The company received revenue in the form of management fees of £170,127 from related parties for providing support services. Head Office personnel costs incurred during the year were £318,639, and administration expenses were £204,922. 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 1,685 beds.

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

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.

**CAMPUS LIVING VILLAGES UK LIMITED  
DIRECTOR'S REPORT  
FOR THE YEAR ENDED 30 JUNE 2010**

**Solvency position**

As at 30 June 2010, the entity has a net liability position of £1,885,952, arising from two years of operating losses amounting to £1,943,300.

On 30 November 2009, the related party borrowings with Campus Living Funds Management Limited ("CLFM") as responsible entity for the Campus Living Finance Trust ("CLFT") were repaid

A loan was provided from CLV Finance UK Limited ("CLV Finance"), which is an indirect subsidiary of CLFT which provided CLV UK with a loan to enable repayment of the existing related party borrowings. The new 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 period.

**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 signifies that although it is anticipated that CLV UK will still be loss making in 2011, will reach profitability in 2012.

**Loans to directors and executives**

There are no loans to or from directors or executives during the period, at period end or at the date of this report.

**Political and charitable donations**

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

**Disclosure of information to auditors**

The director who held office at the date of approval of this directors' report confirms that, so far as he is aware, there is no relevant audit information of which the company auditors are unaware, and the director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Independent auditors**

PricewaterhouseCoopers LLP were reappointed to office during the financial period 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 2010, the director has not identified any matters that would require disclosure in the annual report.



Gary Clarke  
**Director**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMPUS LIVING VILLAGES UK LIMITED**

We have audited the financial statements of Campus Living Villages UK limited ("CLV UK") for the period ended 30 June 2010 which comprise the Income Statement, the Statement of Financial Position, the Cash Flow Statement, the Changes in Equity Statement, and the notes to the Financial Statements. 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 Director's Responsibilities Statement set out on page 22, the director is 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 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.

### **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 2010 and of its loss and cash flows for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

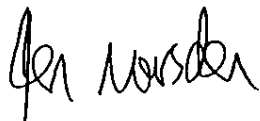
In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

**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

17 September 2010

**CAMPUS LIVING VILLAGES UK LIMITED**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

|                                    | <b>Note</b> | <b>2010</b><br><b>£</b> | <b>2009</b><br><b>£</b> |
|------------------------------------|-------------|-------------------------|-------------------------|
| <b>Revenue</b>                     |             |                         |                         |
| Management fees                    |             | 82,919                  | 73,405                  |
| Other income                       |             | 87,208                  | 56,797                  |
| Employee benefits expense          | 3           | (318,639)               | (224,763)               |
| Administrative expense             |             | (204,923)               | (229,322)               |
| Depreciation                       |             | (6,842)                 | (7,345)                 |
| Other expenses                     |             | (39,959)                | (68,163)                |
| Bid cost written off               | 8           | (1,399)                 | (901,376)               |
| <b>Operating loss</b>              |             | <b>(401,635)</b>        | <b>(1,300,767)</b>      |
| Unrealised foreign exchange loss   |             | (167,007)               | (21,861)                |
| Interest expense                   |             | (52,534)                | (6,385)                 |
| <b>Finance costs</b>               |             | <b>(219,541)</b>        | <b>(28,246)</b>         |
| <b>Loss on ordinary activities</b> |             | <b>(621,176)</b>        | <b>(1,329,013)</b>      |
| <b>Loss before taxation</b>        |             | <b>(621,176)</b>        | <b>(1,329,013)</b>      |
| Income tax credit                  | 4(a)        | 4,433                   | 2,457                   |
| <b>Loss for financial year</b>     |             | <b>(616,743)</b>        | <b>(1,326,556)</b>      |

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

**CAMPUS LIVING VILLAGES UK LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 30 JUNE 2010**

|                                                                             | <b>Note</b> | <b>2010</b><br><b>£</b> | <b>2009</b><br><b>£</b> |
|-----------------------------------------------------------------------------|-------------|-------------------------|-------------------------|
| <b>Assets</b>                                                               |             |                         |                         |
| <b>Non-current assets</b>                                                   |             |                         |                         |
| Property plant and equipment                                                | 7           | 57,850                  | 30,566                  |
| Deferred tax assets                                                         | 4(c)        | 6,890                   | 2,457                   |
|                                                                             |             | <b>64,740</b>           | <b>33,023</b>           |
| <b>Current assets</b>                                                       |             |                         |                         |
| Trade and other receivables                                                 | 6           | 169,635                 | 16,297                  |
| Cash and cash equivalents                                                   | 5(a)        | 13,834                  | 33,593                  |
|                                                                             |             | <b>183,469</b>          | <b>49,890</b>           |
| <b>TOTAL ASSETS</b>                                                         |             | <b>248,209</b>          | <b>82,913</b>           |
| <b>LIABILITIES</b>                                                          |             |                         |                         |
| <b>Current liabilities</b>                                                  |             |                         |                         |
| Related party borrowings                                                    | 9           | (166,268)               | (1,180,662)             |
| Trade and other payables                                                    | 10          | (490,421)               | (171,460)               |
|                                                                             |             | <b>(656,689)</b>        | <b>(1,352,122)</b>      |
| <b>Non-current liabilities</b>                                              |             |                         |                         |
| Related party borrowings                                                    | 9           | (1,477,472)             | -                       |
|                                                                             |             | <b>(1,477,472)</b>      | <b>-</b>                |
| <b>TOTAL LIABILITIES</b>                                                    |             | <b>(2,134,161)</b>      | <b>(1,352,122)</b>      |
| <b>NET LIABILITIES</b>                                                      |             | <b>(1,885,952)</b>      | <b>(1,269,209)</b>      |
| <b>EQUITY</b>                                                               |             |                         |                         |
| <b>Capital and Reserves Attributable to the Shareholders of the company</b> |             |                         |                         |
| Share capital                                                               | 11          | 57,347                  | 57,347                  |
| Accumulated loss                                                            | 12          | (1,943,299)             | (1,326,556)             |
| <b>TOTAL EQUITY</b>                                                         |             | <b>(1,885,952)</b>      | <b>(1,269,209)</b>      |

These financial statements on pages 4 to 22 were approved by Gary Clarke on 17 September 2010.



Gary Clarke

**Director of**

**CAMPUS LIVING VILLAGES UK LIMITED**

(Registered number 6604874)



**CAMPUS LIVING VILLAGES UK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2010**

|                                                    | <b>Share capital</b> | <b>Accumulated<br/>loss</b> | <b>Total equity</b> |
|----------------------------------------------------|----------------------|-----------------------------|---------------------|
|                                                    | <b>£</b>             | <b>£</b>                    | <b>£</b>            |
| <b>Opening equity balance</b>                      | <b>57,347</b>        | <b>(1,326,556)</b>          | <b>(1,269,209)</b>  |
| Total income and expense recognised for the period | -                    | (616,743)                   | (616,743)           |
| <b>Total equity at the end of the period</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 2010**

|                                                                   | <b>Note</b>  | <b>2010</b><br><b>£</b> | <b>2009</b><br><b>£</b> |
|-------------------------------------------------------------------|--------------|-------------------------|-------------------------|
| <b>Cash flows from operating activities</b>                       |              |                         |                         |
| Receipts from customers                                           |              | 16,789                  | 73,405                  |
| Payments to suppliers                                             |              | (244,559)               | (310,288)               |
| Bid costs incurred                                                | 8            | (1,399)                 | (901,376)               |
| Borrowing costs                                                   |              | -                       | (6,385)                 |
|                                                                   |              | -                       | -                       |
| <b>Net cash flow from operating activities</b>                    | <b>5 (b)</b> | <b>(229,169)</b>        | <b>(1,144,644)</b>      |
| <b>Cash flows from investing activities</b>                       |              |                         |                         |
| Purchase of property plant and equipment                          |              | (34,127)                | (37,911)                |
| <b>Net cash outflow from investing activities</b>                 |              | <b>(34,127)</b>         | <b>(37,911)</b>         |
| <b>Cash flows from financing activities</b>                       |              |                         |                         |
| Proceeds from issue of share capital                              | 11           | -                       | 57,347                  |
| Proceeds from related party loans                                 |              | 243,537                 | 1,158,801               |
| <b>Net cash inflow from financing activities</b>                  |              | <b>243,537</b>          | <b>1,216,148</b>        |
| <b>Net increase in cash and cash equivalents</b>                  |              | <b>(19,759)</b>         | <b>33,593</b>           |
| Cash and cash equivalents at the beginning of the financial year  |              | 33,593                  | -                       |
| <b>Cash and cash equivalents at the end of the financial year</b> | <b>5 (a)</b> | <b>13,834</b>           | <b>33,593</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 2010**

**TABLE OF CONTENTS**

|     |                                                                |    |
|-----|----------------------------------------------------------------|----|
| 1.  | Summary of accounting policies                                 | 9  |
| 2.  | Financial risk management                                      | 15 |
| 3.  | Employee benefits expense                                      | 16 |
| 4.  | Income tax expense                                             | 17 |
| 5.  | Cash and cash equivalents and notes to the cash flow statement | 18 |
| 6.  | Trade and other receivables                                    | 18 |
| 7.  | Property, plant and equipment                                  | 18 |
| 8.  | Bid cost write off                                             | 19 |
| 9.  | Related party borrowings                                       | 19 |
| 10. | Trade and other payables                                       | 19 |
| 11. | Share capital                                                  | 19 |
| 12. | Accumulated loss                                               | 20 |
| 13. | Remuneration of auditors                                       | 20 |
| 14. | Operating lease                                                | 20 |
| 15. | Related parties                                                | 20 |
| 16. | Parent company and ultimate parent company                     | 21 |
| 17. | Contingencies                                                  | 21 |
| 18. | Capital commitments                                            | 21 |
| 19. | Events occurring after the balance sheet date                  | 21 |

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**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, unless otherwise stated. The company was incorporated on 28 May 2008 and therefore the current year figures and prior year figures, from incorporation, are shown. 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 director in accordance with International Financial Reporting Standards as adopted by the EU Endorsed ("adopted IFRSs"), IFRIC interpretations and the Companies act 2006 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 June 2009.

- 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 period beginning 1 June 2009, 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 June 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 2010**

*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.

*Solvency position*

As at 30 June 2010, the entity has a net asset position of £8,221,557. The entity has also experienced operating losses of £616,743 during the financial year ending on that date.

On 30 November 2009, the related party borrowings with CLFM as responsible entity for the CLFT were repaid. A new loan was provided from related party CLV Finance, which is an indirect subsidiary of CLFT. This provided CLV UK with the loan to enable repayment of the related party borrowings with 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 be used by CLV UK to meet its current liabilities if the need arises. To 30 June 2010 £1,453,701 of the principle has been drawn down and interest of £23,771 has accumulated on the loan during the year (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.

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

***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 consolidated 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 2010**

***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 2010**

***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.

**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 share capital of CLV UK.



**CAMPUS LIVING VILLAGES UK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

***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 stated at their nominal amount (discounted if material) less provision for impairment.

**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 period but not distributed at reporting date.

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**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>2010 (£)</b>  | <b>2009 (£)</b>  |
|------------------------------|------------------|------------------|
| <u>Financial assets</u>      |                  |                  |
| Cash and cash equivalents    | 13,834           | 33,593           |
| Trade and other receivables  | 88,365           | 16,297           |
|                              | <b>102,199</b>   | <b>49,890</b>    |
| <u>Financial Liabilities</u> |                  |                  |
| Trade and other payables     | 489,637          | 171,460          |
| Borrowings                   | 1,643,740        | 1,180,662        |
|                              | <b>2,133,377</b> | <b>1,352,122</b> |

**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 a related party (CLFT) and are repayable on 1 November 2019.

|                          | <b>2010 (£)</b>  | <b>2009 (£)</b>  |
|--------------------------|------------------|------------------|
| Related party borrowings | <b>1,643,740</b> | <b>1,180,662</b> |

**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>2010 (£)</b>  | <b>2009 (£)</b>  |
|-----------------------------------|------------------|------------------|
| Payments within one year          | 49,243           | 1,180,662        |
| Payments within two to five years | 155,326          | -                |
| Payments after five years         | 1,898,773        | -                |
| Total payments                    | <b>2,103,342</b> | <b>1,180,662</b> |

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**3. Employee benefits expense**

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

|                     | <b>2010</b> | <b>2009</b> |
|---------------------|-------------|-------------|
| Number of Employees |             |             |
| Administration      | 4           | 5           |
| Property Management | 39          | 17          |
| Total               | <u>22</u>   | <u>22</u>   |

The property management employee expenses are paid by CLV Salford. The aggregate payroll costs of CLV UK were as follows:

|                              | <b>2010 (£)</b> | <b>2009 (£)</b> |
|------------------------------|-----------------|-----------------|
| Wages and salaries           | 303,803         | 208,323         |
| Other employee related costs | 14,836          | 16,440          |
|                              | <u>318,639</u>  | <u>224,763</u>  |

**Directors emoluments**

Gary Clarke (sole Director) is a salaried employee of Transfield Corporate Pty Limited "Transfield". The total charge from Transfield to Campus Living Villages Pty Limited ("CLV PL") for Gary Clarke was £150,000. These costs have been recharged by CLV PL to CLV UK

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**4. Income tax expense**

a. Income tax expense:

|                                     | <b>2010 (£)</b>       | <b>2009 (£)</b>       |
|-------------------------------------|-----------------------|-----------------------|
| Deferred tax                        | (4,156)               | (2,457)               |
| Prior year (over) / under provision | <u>(277)</u>          | <u></u>               |
| Total tax credit                    | <b><u>(4,433)</u></b> | <b><u>(2,457)</u></b> |

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

|                                                    | <b>2010 (£)</b>       | <b>2009 (£)</b>       |
|----------------------------------------------------|-----------------------|-----------------------|
| Loss before taxation                               | (621,176)             | (1,329,013)           |
| Taxation at the domestic corporate tax rate of 28% | (173,929)             | (372,124)             |
| Losses not recognised                              | 156,689               | 167,008               |
| Non-deductable expenses                            | 13,086                | 202,659               |
| Under/over in prior periods                        | (277)                 | -                     |
| <b>Total income tax credit</b>                     | <b><u>(4,433)</u></b> | <b><u>(2,457)</u></b> |

Deferred tax assets of £173,930 have not been recognised in the period for the unused tax losses.

c. Deferred taxation asset

|                                 | <b>2010 (£)</b>     | <b>2009 (£)</b>     |
|---------------------------------|---------------------|---------------------|
| Property, plant and equipment   | 1,850               | 754                 |
| Other                           | 5,040               | 1,703               |
| <b>Total deferred tax asset</b> | <b><u>6,890</u></b> | <b><u>2,457</u></b> |

d. Movement in deferred tax balance for year

|                                              | <b>2010 (£)</b>     | <b>2009 (£)</b>     |
|----------------------------------------------|---------------------|---------------------|
| Opening balance                              | 2,457               | 0                   |
| Charge/(credit) recorded in income statement | 4,433               | 2,457               |
| <b>Total deferred tax asset</b>              | <b><u>6,890</u></b> | <b><u>2,457</u></b> |

A deferred tax asset of £156,689 has not been recognised for the unused tax losses on the basis that it is not probable that future taxable profits will be available to utilise the tax losses.

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

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

a. Cash at period end comprises:

|                                      | <b>2010 (£)</b> | <b>2009 (£)</b> |
|--------------------------------------|-----------------|-----------------|
| Cash at bank and on hand             | <u>13,834</u>   | <u>33,593</u>   |
| Cash and cash equivalents            | <u>13,834</u>   | <u>33,593</u>   |
| Cash balance per cash flow statement | <b>13,834</b>   | <b>33,593</b>   |

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

|                                                | <b>2010 (£)</b>  | <b>2009 (£)</b>    |
|------------------------------------------------|------------------|--------------------|
| Loss for the period after income tax           | (616,743)        | (1,326,556)        |
| Adjustments for:                               |                  |                    |
| Depreciation and amortisation                  | 6,842            | 7,345              |
| Finance costs                                  | 52,534           | -                  |
| Deferred tax                                   | (4,433)          | (2,457)            |
| Foreign exchange gains and losses              | 167,007          | 21,861             |
| Working capital adjustments:                   |                  |                    |
| - Increase in trade and other receivables      | (72,068)         | (16,297)           |
| - Increase in trade and other payables         | 318,962          | 171,460            |
| <b>Net cash flow from operating activities</b> | <b>(147,899)</b> | <b>(1,144,644)</b> |

**6. Trade and other receivables**

|                                          | <b>2010 (£)</b> | <b>2009 (£)</b> |
|------------------------------------------|-----------------|-----------------|
| Trade receivables                        | 17,872          | -               |
| Other receivables                        | <u>151,763</u>  | <u>16,297</u>   |
| <b>Total trade and other receivables</b> | <b>169,635</b>  | <b>16,297</b>   |

**7. Property, plant and equipment**

| <b>30 June 2010</b>      | <b>Furniture and fittings</b> | <b>Equipment</b> | <b>Capital Work in Progress</b> | <b>Total</b>    |
|--------------------------|-------------------------------|------------------|---------------------------------|-----------------|
|                          | <b>£</b>                      | <b>£</b>         | <b>£</b>                        | <b>£</b>        |
| Cost or Fair value       | 22,197                        | 27,841           | 22,000                          | <b>72,038</b>   |
| Accumulated depreciation | <u>(7,426)</u>                | <u>(6,762)</u>   | -                               | <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**

|                                | <b>£</b>       | <b>£</b>       | <b>£</b>      | <b>£</b>       |
|--------------------------------|----------------|----------------|---------------|----------------|
| 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                   | <u>(3,259)</u> | <u>(3,583)</u> | -             | <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>  |

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**8. Bid cost write off**

During the period there was a write off amounting to £1,399 which related to work carried out on a bid at the University of Bournemouth. In 2009 there was a write off amounting to £1,901,376 as a consequence of a failed tender at University of Exeter where CLV were appointed the reserve preferred bidder. The costs included the necessary due diligence and consultancy costs incurred in order to compile the bid documents.

**9. Related party borrowings**

|                             | <b>2010</b>             | <b>2009</b>             |
|-----------------------------|-------------------------|-------------------------|
|                             | <b>£</b>                | <b>£</b>                |
| Borrowings (CLFT)           | -                       | 1,180,662               |
| Borrowings (CLV Finance UK) | 1,477,472               | -                       |
| Borrowings (CLV Salford)    | 166,268                 | -                       |
| <b>Total Borrowings</b>     | <b><u>1,643,740</u></b> | <b><u>1,180,662</u></b> |

On 30 November 2009, the related party borrowings with CLFT were repaid. A new 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%

The total amount drawn down to date is £1,453,701. Interest of £23,771 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 £162,916 has been drawn. Interest of £3,353 has accumulated on the loan principle.

**10. Trade and other payables**

|                                                                       | <b>2010</b>           | <b>2009</b>           |
|-----------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                       | <b>£</b>              | <b>£</b>              |
| Trade payables                                                        | 41,076                | 23,766                |
| Intercompany payables                                                 | 384,997               | 41,210                |
| Other payables                                                        | 64,348                | 106,484               |
| <b>Total trade and other payables</b>                                 | <b><u>490,421</u></b> | <b><u>171,460</u></b> |
| <i>(Other payables include accruals and payroll related payables)</i> |                       |                       |

**11. Share capital**

|                                                                | <b>£</b> |
|----------------------------------------------------------------|----------|
| CLV UK has 57,347 shares issued at £1 each share – fully paid. | 57,347   |

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

CLV UK did not issue shares during the 30 June 2010 period.

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**12.Accumulated loss**

|                                            | <b>2010</b>        | <b>2009</b>        |
|--------------------------------------------|--------------------|--------------------|
|                                            | <b>£</b>           | <b>£</b>           |
| <b>Reconciliation of Accumulated loss:</b> |                    |                    |
| Balance at the beginning of the period     | (1,326,556)        | -                  |
| Loss for the financial period              | (616,743)          | (1,326,556)        |
| Distributions for the period               | -                  | -                  |
|                                            | <b>(1,943,299)</b> | <b>(1,326,556)</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>2010</b>  | <b>2009</b>  |
|---------------------------------------|--------------|--------------|
|                                       | <b>£</b>     | <b>£</b>     |
| PriceWaterhouseCooper LLP:            |              |              |
| Audit of financial reports            | 3,250        | 4,000        |
| Taxation services                     | -            | -            |
| Total remuneration for audit services | <b>3,250</b> | <b>4,000</b> |

**14.Operating lease**

Non-cancellable operating lease rentals are payable as follows:

|                                       | <b>2010</b>   | <b>2009</b>   |
|---------------------------------------|---------------|---------------|
|                                       | <b>£</b>      | <b>£</b>      |
| Less than one year                    | 14,000        | 18,000        |
| Between one and five years            | 10,000        | 16,500        |
| Greater than five years               | -             | -             |
| <b>Total operating lease payments</b> | <b>24,000</b> | <b>34,500</b> |

**15.Related parties**

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

|                                                           | <b>2010</b> | <b>2009</b> |
|-----------------------------------------------------------|-------------|-------------|
|                                                           | <b>£</b>    | <b>£</b>    |
| Inter-company interest expense (CLFT)                     | 23,925      | 6,333       |
| Loan balance adjustment (CLFT)                            | 2,894       | -           |
| Management Fee received (CLV (Salford) UK                 | (82,919)    | (73,405)    |
| Inter-company interest expense (CLV (Salford) UK Limited) | 3,353       | -           |
| Recharge of tender costs (CLV PL)                         | -           | 901,376     |
| Recharge of Transfield Holdings Costs (CLV PL)            | 81,324      | 131,040     |
| Related party interest expense (CLV Finance Limited)      | 23,771      | -           |
| Inter-company balance – Salford                           | 72,613      | -           |
|                                                           | -           | -           |

**CAMPUS LIVING VILLAGES UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**15. Related Parties (continued)**

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

|                             | <b>2010</b>             | <b>2009</b>             |
|-----------------------------|-------------------------|-------------------------|
|                             | <b>£</b>                | <b>£</b>                |
| Borrowings (CLFT)           | -                       | 1,180,662               |
| Borrowings (CLV Finance UK) | 1,477,472               | -                       |
| Borrowings (CLV Salford)    | 166,268                 | -                       |
| <b>Total Borrowings</b>     | <b><u>1,643,740</u></b> | <b><u>1,180,662</u></b> |

**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.

**18. Capital commitments**

There were no capital commitments at year end.

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

Since 30 June 2010, the director has not identified any matters that would require disclosure in the annual report, other than the new contract signed with the University of Bedfordshire as described in the Director's report.



**CAMPUS LIVING VILLAGES UK LIMITED**  
**STATEMENT OF THE DIRECTOR'S RESPONSIBILITIES**  
**FOR THE YEAR ENDED 30 JUNE 2010**

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare 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 director is 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 director is 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. He is 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 director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) He has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information



Gary Clarke

**Director**