

COMPANY REGISTRATION NO. 06604874

Campus Living Villages UK Limited

Annual Report and Financial Statements

For the year ended 30 June 2018



Campus Living Villages UK Limited
Annual report and financial statements
For the year ended 30 June 2018

Contents	Page
Officers and professional advisers	2
Strategic report	3 - 4
Directors' report	5 - 6
Directors' responsibilities statement	7
Independent auditor's report to the members Campus Living Villages UK Limited	8 - 10
Profit and loss account	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14 - 26

Campus Living Villages UK Limited
Officers and professional advisers
For the year ended 30 June 2018

Company Registration Number

06604874

The Board of Directors

Mathew Panopoulos
Lee McLean
James Chadwick

Registered Office

7th Floor, Digital World Centre
1 Lowry Plaza, Salford Quays
Manchester
United Kingdom
M50 3UB

Auditor

KPMG LLP
1 St. Peter's Square
Manchester
United Kingdom
M2 3AE

Banker

Barclays Bank
Level 25
1 Churchill Place
London
E14 5HP

Campus Living Villages UK Limited

Strategic report

For the year ended 30 June 2018

The directors present their strategic and annual report together with audited financial statements of the company for the year ended 30 June 2018.

Review of the Business

The principal business activities of Campus Living Villages UK Limited ("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.

CLV UK continued to provide services outlined in the Operator Agreements for the management of operations at the student villages of the following related entities:

- Campus Living Villages (Salford) UK Limited ("CLV Salford");
- CLV (Bournemouth 1) UK LLP ("CLV Bournemouth 1");
- Campus Living Villages (Bedfordshire) UK Limited ("CLV Bedford");
- Campus Living Villages (City Portfolio) UK Limited ("CLV City Portfolio");
- Campus Living Villages (Sutton Bonington) UK Limited ("CLV Sutton Bonington");
- CLV (St Andrews) UK LLP ("CLV St Andrews");
- CLV (St Andrews) UK 2 LLP ("CLV St Andrews 2");
- CLV (St Andrews) UK 3 LLP ("CLV St Andrews 3");
- Campus Living Villages (RCM2) UK LLP ("CLV RCM2");
- Salford Village Limited ("SVL")
- Campus Living Villages (Goldsmiths) UK Limited ("CLV Goldsmiths");
- Signpost Homes Limited ("Signpost");
- Arlington Student Holdings (No.3) Limited ("ASH No.3");
- European Property (Walworth Road) Lettings LP ("Lettings LP"); and
- Campus Living Villages (Cranborne) UK Limited ("CLV Cranborne");

The company operates four management contracts which total 2,542 beds. These contracts manage sites based at the University of Bedfordshire (860 beds), the University of Gloucestershire (1,231 beds), the University of Exeter (219 beds) and the University of London (232 beds).

At 30 June 2018, CLV UK owned and managed 11,317 rooms (2017: 10,314 rooms) under operator's agreements and management contracts.

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. New villages being added include Fife Park 2 at St Andrews University, which will operate through CLV St Andrews 3, and Bagot Street 2 at Birmingham City University, which will operate through an existing entity, Arlington Student Holdings (No.3) Limited.

During the year the company changed its intercompany recharging approach. This resulted in turnover and operating expenses both reducing from the prior year. Overall this had a minimal impact on the operating loss.

Results

For the year ended 30 June 2018, CLV UK has recognised a loss after taxation of £2,237,663 (2017: restated loss of £3,116,498) and has net liabilities of £9,735,795 at 30 June 2018 (2017: restated £7,498,132).

Key Performance Indicators

Given the nature of the company's activities described above, the directors use two principal measures of overall performance: profit/loss for the year and net assets/liabilities, details of which are shown above.

Campus Living Villages UK Limited
Strategic report
For the year ended 30 June 2018

Principal Risks and Uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks:

- Underperforming assets meaning debt obligations cannot be met
- Student numbers being lower than expected.
- Credit risk
- Viability of Universities as the Company is reliant on their ongoing viability

Credit risk

Credit risk arises from exposure to students and universities, including outstanding receivables and committed transactions. Nomination agreements are held with most Universities to mitigate the risk of rental voids. Key relationships are also maintained with Universities to ensure any potential issues can be discussed early. Student deposits are used as security and applied against outstanding amounts.

Liquidity risk

Management monitors rolling forecasts of the company's liquidity position on the basis of expected and projected cash flow.

Market risk

Changes in Government policy (such as higher education funding and immigration) and Brexit may negatively affect student numbers, which in turn would affect profitability and asset values. Risks are mitigated by ongoing monitoring of changes and their implications to international students studying in UK. The outlook for the student accommodation section remains positive despite the uncertainty around Brexit. Student numbers continue to increase year on year which is supported by average rental increases of 3% on sites close to a University Campus such as the sites held by the related parties. Student numbers typically increase in the event of any economic downturn, as people look to up-skill or stay in higher education. Although we anticipate Brexit will see a reduction in new EU students with the current weakness of the pound.

Future Developments

The directors expect the general level of activity, in the forthcoming year, to remain consistent with the year ended 30 June 2018. This is consistent with the long-term strategy of the company.

Practical completion has been reached on both sites which were still under construction at 30 June 2018. These sites are held in CLV St Andrews 3. The Whitehorn Hall site was completed on 25 October 2018 and the Powell Hall site was completed on 26 October 2018. The buildings became occupied on 2 November 2018, with the first rental invoices being raised on the same day.

Signed by order of the Board



James Chadwick
Director

14 June 2019

7th Floor Digital World Centre
1 Lowry Plaza
Salford Quays
Manchester
United Kingdom
M50 3UB

Campus Living Villages UK Limited
Directors' report
For the year ended 30 June 2018

Directors of the Company

The directors who served the company during the year and up to the date of the signing of these financial statement were as follows:

Peter Berry	(appointed 9 March 2018 and resigned 18 July 2018)
Richard Gabelich	(resigned 9 March 2018)
Martin Hadland	(resigned 18 July 2018)
Robert Moyle	(resigned 23 February 2018)
Susan Worden	(appointed 23 February 2018 and resigned 18 July 2018)
Mathew Panopoulos	(appointed 18 July 2018)
Lisa Brown	(appointed 18 July 2018, resigned 7 March 2019)
Aileen Goldspring	(appointed 18 July 2018, resigned 7 March 2019)
Lee McLean	(appointed 6 March 2019)
James Chadwick	(appointed 6 March 2019)

The company has made qualifying third party indemnity provisions for the benefit of its directors which were in force during the current and prior years, and remain in force at the date of this report.

Results and Dividends

The directors have not recommended payment of a dividend for the current or prior year. Details of the results for the year can be found in the Strategic report.

Political contributions

No donations were made to any political party during the year (2017: £nil).

Going Concern

The Company has net current liabilities of £12,498,723 at 30 June 2018. This is due to loans and balances due to group undertakings within one year. These balances are predominantly due to CLV Finance UK Limited, CLV Bedford and CLV Salford. The directors have received confirmation that CLV Finance UK Limited, CLV Bedford and CLV Salford intend to support the company for at least one year after their financial statements are signed and will not recall any of these intercompany balances or loans.

The directors have prepared cash flow forecasts for a period of 24 months from the date of approval of the financial statements which indicate that, taking the account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for the next 12 months. Therefore directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The business also has outstanding amounts due from related parties. The principal activity of these related parties is to provide accommodation to students through owned facilities, therefore the recoverability of the balances depends upon the performance of various properties. The outlook for the student accommodation section remains positive despite the uncertainty around Brexit. Student numbers continue to increase year on year which is supported by average rental increases of 3% on sites close to a University Campus such as the sites held by the related parties. Student numbers typically increase in the event of any economic downturn, as people look to up-skill or stay in higher education. Although we anticipate Brexit will see a reduction in new EU students, Universities expect to see an increase in Non-EU students with the current weakness of the pound.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these indications the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Campus Living Villages UK Limited
Directors' report
For the year ended 30 June 2018

Statement of disclosure of information to Auditor

Each of the persons who served as a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with provisions of s487 of the Companies Act 2006.

Independent Auditor

KPMG LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Signed by order of the Board



James Chadwick
Director

14 June 2019

7th Floor Digital World Centre
1 Lowry Plaza
Salford Quays
Manchester
United Kingdom
M50 3UB

Campus Living Villages UK Limited
Directors' responsibilities statement
For the year ended 30 June 2018

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

Opinion

We have audited the financial statements of Campus Living Villages UK Limited ("the company") for the year ended 30 June 2018 which comprise the Profit and Loss account, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of loans and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going Concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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

Strategic report and Directors' report

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

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

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- 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.

We have nothing to report in these respects.

Directors' responsibility

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Rehman Minshall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St Peter's Square
Manchester
M2 3AE

14 June 2019

Campus Living Villages UK Limited
Profit and loss account
For the year ended 30 June 2018

	Notes	2018 £	Restated* 2017 £
Continuing operations			
Turnover	2 & 20	5,692,175	13,650,584
Operating expenses	3 & 20	(8,095,388)	(16,989,652)
Operating loss		<u>(2,403,213)</u>	<u>(3,339,068)</u>
Interest payable and similar expenses	6	(272,483)	(365,495)
Interest receivable and similar income	7	48,862	2,581
Loss before tax		<u>(2,626,834)</u>	<u>(3,701,982)</u>
Taxation	8 & 20	389,171	585,484
Loss for the year		<u><u>(2,237,663)</u></u>	<u><u>(3,116,498)</u></u>

*See note 20 for further details of prior year restatement

The company has no recognised gains or losses in the current or prior year, other than the result as set out above, therefore no statement of comprehensive income is presented.

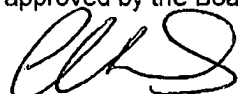
The notes on pages 14 to 26 form part of these financial statements.

Campus Living Villages UK Limited
Balance sheet
As at 30 June 2018

	Notes	2018 £	Restated* 2017 £
Fixed assets			
Tangible fixed assets	9	<u>2,794,424</u>	<u>2,422,192</u>
Current assets			
Trade and other debtors	11 & 20	3,191,339	2,308,703
Cash at bank and in hand	10	706,056	1,984,617
		<u>3,897,395</u>	<u>4,293,320</u>
Creditors: amounts falling due within one year			
Trade and other creditors	12 & 20	(662,268)	(1,291,588)
Amounts due to other group undertakings	13 & 20	(15,733,850)	(12,900,517)
		<u>(16,396,118)</u>	<u>(14,192,105)</u>
Net current liabilities		<u>(12,498,723)</u>	<u>(9,898,785)</u>
Total assets less current liabilities		(9,704,299)	(7,476,593)
Creditors: amounts falling due after more than one year			
Deferred tax	15	(31,496)	(21,539)
Net liabilities		<u>(9,735,795)</u>	<u>(7,498,132)</u>
Capital and reserves			
Issued share capital	16 & 20	55,793	55,793
Retained earnings		(9,791,588)	(7,553,925)
Total shareholders' deficit		<u>(9,735,795)</u>	<u>(7,498,132)</u>

*See note 20 for further details of prior year restatement

The financial statements of Campus Living Villages UK Limited (registered number 06604874) were approved by the Board, are signed on its behalf by:



James Chadwick
Director
14 June 2019

The notes on pages 14 to 26 form part of these financial statements.

Campus Living Villages UK Limited
Statement of changes in equity
For the year ended 30 June 2018

	*Restated issued share capital	*Restated retained earnings	*Restated total shareholders' deficit
	£	£	£
Balance at 1 July 2016	57,347	(4,437,427)	(4,380,080)
Loss for the period, as previously reported	-	(2,517,621)	(2,517,621)
Impact of prior year restatement*	(1,554)	(598,877)	(600,431)
Issued share capital and loss for the year, restated	(1,554)	(3,116,498)	(3,118,052)
Restated balance as at 30 June 2017	55,793	(7,553,925)	(7,498,132)
	Issued share capital	Retained earnings	Total shareholders' deficit
	£	£	£
Restated balance at 1 July 2017	55,793	(7,553,925)	(7,498,132)
Loss for the year	-	(2,237,663)	(2,237,663)
Balance at 30 June 2018	55,793	(9,791,588)	(9,735,795)

*See note 20 for further details of prior year restatement

The notes on pages 14 to 26 form part of these financial statements.

Campus Living Villages UK Limited
Notes to the financial statements
For the year ended 30 June 2018

1. Accounting policies

Campus Living Villages UK Limited (the "company") is a Limited Company incorporated, domiciled and registered in England in the United Kingdom. The registered number is 06604874 and the registered address is 7th Floor Digital World Centre, 1 Lowry Plaza, Salford Quays, Manchester, United Kingdom, M50 3UB.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

Basis of consolidated financial statements

These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis, except for revaluation of certain financial instruments that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The accounting policies have been applied consistently throughout the current period.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006. The company has taken advantage of the FRS 101 disclosure exemptions in relation to business combinations, financial instruments, capital management, presentation of a cash flow, standards not yet effective, impairment of assets and related party transactions.

The Company's ultimate parent undertaking, Campus Living UK Trust, includes the Company in its consolidated financial statements. The consolidated financial statements of Campus Living UK Trust are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Level 6, 1 Margaret Street, Sydney, NSW 2000, Australia.

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Going concern

The Company has net current liabilities of £12,498,723 at 30 June 2018. This is due to loans and balances due to group undertakings within one year. These balances are predominantly due to CLV Finance UK Limited, CLV Bedford and CLV Salford. The directors have received confirmation that CLV Finance UK Limited, CLV Bedford and CLV Salford intend to support the company for at least one year after their financial statements are signed and will not recall any of these intercompany balances or loans.

The directors have prepared cash flow forecasts for a period of 24 months from the date of approval of the financial statements which indicate that, taking the account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for the next 12 months. Therefore directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Campus Living Villages UK Limited
Notes to the financial statements (continued)
For the year ended 30 June 2018

1. Accounting policies (continued)

Going concern (continued)

The business also has outstanding amounts due from related parties. The principal activity of these related parties is to provide accommodation to students through owned facilities, therefore the recoverability of the balances depends upon the performance of various properties. The outlook for the student accommodation section remains positive despite the uncertainty around Brexit. Student numbers continue to increase year on year which is supported by average rental increases of 3% on sites close to a University Campus such as the sites held by the related parties. Student numbers typically increase in the event of any economic downturn, as people look to up-skill or stay in higher education. Although we anticipate Brexit will see a reduction in new EU students, Universities expect to see an increase in Non-EU students with the current weakness of the pound.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these indications the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover is generated through management and development fees. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and it can be reliably measured. All such turnover is reported net of discounts and value added and other sales taxes.

Management found in the year that turnover had been overstated in the financial statements for the year ending 30 June 2017. See note 20 for further details.

Interest payable

Interest payable is recognised as interest accrues, using the effective interest method, to the net carrying amount of the financial liability.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to that assets or liabilities net carrying amount.

Taxation

All current and deferred tax charges or credits (after the application of the group relief, to the extent relevant) are recognised in the company's profit and loss account.

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is provided in full, using the statement of financial position liability method, on temporary differences arising between the tax bases of assets and liabilities and the carrying amounts in the financial statements.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is determined using the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxed levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Campus Living Villages UK Limited
Notes to the financial statements (continued)
For the year ended 30 June 2018

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditures that are 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 company 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 year in which they are incurred.

Capital work-in-progress is not depreciated.

Depreciation on other tangible fixed 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:

Fixtures and fittings	3 - 8 years
Property, plant and equipment	3 - 10 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 profit and loss account. When revalued assets are sold, it is the company's policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Restricted cash is classified with cash and cash equivalents. This relates to cash set aside for fire works projects.

Trade and other debtors

Trade and other debtors are recognised by the company and carried at original invoice amount less an allowance for any uncollectible or impaired amounts.

Provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are specifically identified as being bad. The Company reviews the recoverability of debtors to assess whether the receivable balances remain collectible at each reporting period end.

Other debtors are recognised at fair value.

Management found in the year that accrued income had been overstated in the financial statements for the year ending 30 June 2017. See note 20 for further details.

Trade and other creditors

Trade and other creditors are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Intercompany loans

The intercompany loans and receivables are measured at amortised cost. The Company reviews the recoverability of intercompany loans to assess whether the receivable balances remain collectible at each reporting period end and annually for any impairment that may be required. The company's loans and receivables comprise intercompany receivables and payables in the balance sheet.

Campus Living Villages UK Limited
Notes to the financial statements (continued)
For the year ended 30 June 2018

1. Accounting policies (continued)

Operating lease commitments

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if the payments are not made on that basis.

Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the view of the directors there are no critical accounting judgements or key sources of estimation uncertainty in the preparation of these accounts

2. Turnover

	2018 £	Restated 2017 £
Management fees	3,638,457	13,282,216
Development fees	2,053,718	368,368
	<u>5,692,175</u>	<u>13,650,584</u>

Prior year development fees have been restated. See note 20 for further details.

3. Operating loss

Operating loss is stated after charging the following:

	2018 £	2017 £
Fees payable to the company's auditor for the audit of the company's accounts	5,250	1,404
Depreciation of tangible fixed assets (note 9)	236,231	160,308
Intercompany balances written off	115,979	-
Operating lease rentals (see note 17)	216,585	210,513
Staff costs (see note 4)	<u>4,756,958</u>	<u>5,816,823</u>

There were no fees payable to KPMG LLP and its associates for non-audit services in the year (2017: £nil).

Campus Living Villages UK Limited
Notes to the financial statements (continued)
For the year ended 30 June 2018

4. Staff costs

	2018	2017
	£	£
Wages and salaries	3,817,284	5,121,943
Social security costs	448,289	563,890
Other pension costs	224,219	80,087
Other staff costs	267,166	50,903
	<u>4,756,958</u>	<u>5,816,823</u>

The average monthly number of employees during the current and prior year was made up as follows:

	2018	2017
	No.	No.
Administration	66	72
Property management	203	194
	<u>269</u>	<u>266</u>

The above numbers include employees that are provided to related parties under Operator Agreements.

5. Directors' remuneration

	2018	2017
	£	£
Emoluments	1,021,076	708,991
Company contributions to money purchase pension schemes	6,696	7,230
Compensation for loss of office	33,000	-
	<u>1,060,772</u>	<u>716,221</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £443,792 (2017: £197,602) and company pension contributions of £3,445 (2017: £187).

Retirement benefits are accruing to the following number of directors under:

	2018	2017
	No.	No.
Money purchase pension schemes	2	2
	<u>2</u>	<u>2</u>

Campus Living Villages UK Limited
Notes to the financial statements (continued)
For the year ended 30 June 2018

6. Interest payable and similar expenses

	2018	2017
	£	£
Interest payable on loans	272,483	365,495
	<u>272,483</u>	<u>365,495</u>

7. Interest receivable and similar income

	2018	2017
	£	£
Foreign exchange gains	48,862	2,581
	<u>48,862</u>	<u>2,581</u>

8. Taxation

	2018	Restated 2017
	£	£
Corporation tax		
UK corporation tax credit	(399,128)	(583,048)
Adjustments in respect of previous periods	-	(20,808)
	<u>(399,128)</u>	<u>(603,856)</u>
Deferred tax		
Current year charge (note 15)	9,957	18,372
	<u>9,957</u>	<u>18,372</u>
Total taxation credit	<u>(389,171)</u>	<u>(585,484)</u>

The differences are explained below:

	2018	Restated 2017
	£	£
Loss on ordinary activities before tax	<u>(2,626,834)</u>	<u>(3,701,982)</u>
Tax at the UK tax rate of 19% (2017: 19.75%)	(499,098)	(731,141)
Effects of:		
Expenses not deductible for tax purposes	99,970	83,785
Losses not utilised	-	64,308
Movement in deferred tax (note 15)	9,957	18,372
Adjustments in respect of previous periods	-	(20,808)
Total taxation credit	<u>(389,171)</u>	<u>(585,484)</u>

Campus Living Villages UK Limited
Notes to the financial statements (continued)
For the year ended 30 June 2018

8. Taxation (continued)

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Prior year tax charge has been restated. See note 20 for further details.

9. Tangible assets

	Work in progress £	Property, plant and equipment £	Fixtures and fittings £	Total £
Cost				
At 1 July 2017	1,859,209	800,096	208,312	2,867,617
Additions	720,189	82,579	162	802,930
Transfer	(194,467)	-	-	(194,467)
At 30 June 2018	2,384,931	882,675	208,474	3,476,080
Accumulated depreciation				
At 1 July 2017	-	(267,865)	(177,560)	(445,425)
Charge for year	-	(231,544)	(4,687)	(236,231)
At 30 June 2018	-	(499,409)	(182,247)	(681,656)
Net book value				
At 1 July 2017	1,859,209	532,231	30,752	2,422,192
At 30 June 2018	2,384,931	383,266	26,227	2,794,424

10. Cash at bank and in hand

	2018 £	2017 £
Cash at bank	205,532	1,050,667
Restricted cash	500,524	933,950
	706,056	1,984,617

Restricted cash relates to cash set aside for fire safety work which is to be carried out at villages within two related parties, Campus Living Villages (City Portfolio) UK Limited and Campus Living Villages (Sutton Bonington) UK Limited. This work is required as part of the summer stays programme.

Campus Living Villages UK Limited
Notes to the financial statements (continued)
For the year ended 30 June 2018

11. Trade and other debtors

	2018	Restated 2017
	£	£
Trade debtors	166,677	3,407
Other debtors	206,307	-
Accrued income	195,560	768,260
Prepayments	207,669	357,416
Corporation tax debtor	78,972	-
Amounts owed from other group undertakings (see note 14)	2,336,154	1,179,620
	<u>3,191,339</u>	<u>2,308,703</u>

Accrued income and amounts owed from other group undertakings in the prior year have been restated.
See note 20 for further details of this restatement.

12. Trade and other creditors

	2018	2017
	£	£
Trade creditors	243,183	1,152,365
Other creditors	44,516	139,223
Accruals	295,881	-
VAT payable	78,688	-
	<u>662,268</u>	<u>1,291,588</u>

13. Amounts/loans payable to other group undertakings

	2018	Restated 2017
	£	£
Due within one year:		
Amounts payable to other group undertakings (see note 14)	5,855,305	2,341,225
Loans payable to other group undertakings (see note 14)	9,878,545	10,559,292
	<u>15,733,850</u>	<u>12,900,517</u>

The loans payable to group undertakings are due to CLV Finance, CLV Salford and CLV Bedford.

The CLV Finance facility is a principal commitment of £8.6 million at an interest rate of LIBOR + 5.01%.

The CLV Bedford facility is a principal commitment of £2.0 million at an interest rate of LIBOR + 4%.

The CLV Salford facility is a principal commitment of £3.0 million at an interest rate of LIBOR + 4%.

The prior year loans payable to group undertakings has been reclassified, see note 20 for further details.

Campus Living Villages UK Limited
Notes to the financial statements (continued)
For the year ended 30 June 2018

14. Related party transactions

	2018 £	Restated 2017 £
Receivable from related parties		
Amounts due from CLV (Salford) UK Ltd	123,094	78,638
Amounts due from CLV (Bedfordshire) UK Ltd	300,823	301,403
Amounts due from CLV (Goldsmiths) Investments UK Ltd	1,308	-
Amounts due from CLV (Portfolio Finance) UK Ltd	1,022,721	732,327
Amounts due from CLV Investments UK Ltd	47,896	-
Amounts due from CLV (Cranborne) UK Ltd	4,024	-
Amounts due from CLV (St Andrews) UK Ltd	261,719	67,252
Amounts due from CLV (Goldsmiths) UK Ltd	3,023	-
Amounts due from CLV (City Portfolio) UK Ltd	454,629	-
Amounts due from Signpost Homes Ltd	1,719	-
Amounts due from Arlington Student Holdings (No.3) Ltd	39,118	-
Amounts due from CLV (RCM2) UK LLP	6,125	-
Amounts due from CLV (St Andrews) UK 2 LLP	221	-
Amounts due from CLV (Sutton Bonington) UK Ltd	63,081	-
Amounts due from CLV (Bournemouth 1) UK LLP	6,653	-
	<u>2,336,154</u>	<u>1,179,620</u>
	2018 £	2017 £
Payable to related parties		
Amounts due to CLV Bournemouth 1	257,713	-
Amounts due to CLV (Bournemouth) II UK Ltd	138,440	-
Amounts due to CLV (St Andrews) UK Ltd	770,900	-
Amounts due to CLV Finance UK Ltd	3,258,164	2,341,225
Amounts due from CLV (City Portfolio) UK Ltd	1,149,002	-
Amounts due from CLV (Sutton Bonington) UK Ltd	274,684	-
Amounts due to CLV (Dashwood London) Ltd	6,402	-
	<u>5,855,305</u>	<u>2,341,225</u>
Loans due to CLV Finance UK Ltd	7,055,073	7,595,856
Loans due to CLV Salford	2,190,832	2,011,958
Loans due to CLV Bedford	632,640	951,478
	<u>9,878,545</u>	<u>10,559,292</u>
	<u>15,733,850</u>	<u>12,900,517</u>

Prior year receivable from related parties have been restated. See note 20 for further details.

Campus Living Villages UK Limited
Notes to the financial statements (continued)
For the year ended 30 June 2018

15. Deferred taxation

	2018	2017
	£	£
Deferred tax provision		
Balance brought forward	21,539	3,167
Charge to the profit and loss account	9,957	18,372
Balance carried forward	<u>31,496</u>	<u>21,539</u>

The movement in the deferred tax is due to temporary timing differences of capital allowances. Deferred tax balances have been stated at future rates.

16. Called up share capital

	2018	Restated 2017
	£	£
Authorised share capital		
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid share capital		
Ordinary shares of £1 each	<u>55,793</u>	<u>55,793</u>

All share capital is classified as equity.

Prior year share capital has been restated. See note 20 for further details.

17. Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

Payable:

	2018	2017
	£	£
Less than one year	216,585	216,585
Between one and five years	552,405	660,040
More than five years	127,108	236,058
	<u>896,098</u>	<u>1,112,683</u>

The company leases two offices under operating leases. These lease are payable quarterly in advance. During the year £216,585 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £216,585).

Campus Living Villages UK Limited
Notes to the financial statements (continued)
For the year ended 30 June 2018

18. Capital commitments

There are no capital commitments at 30 June 2018 (30 June 2017: £nil).

19. Contingent liabilities

The directors have not identified any contingent liabilities at 30 June 2018 (2017: £nil).

20. Prior year adjustments

1. During the year management identified that turnover had been overstated in the financial statements for the year ended 30 June 2017 by £667,683. This resulted in accrued income being overstated by the same amount. The error related to the recognition of development fee income in the incorrect entity. This also impacted retained earnings brought forward. The impact on tax in the period is an increase in the tax credit of £67,252. These adjustments have been corrected in these financial statements.

2. Management also identified that for the year ended 30 June 2017 an amount due from other group undertakings of £301,404 was incorrectly netted off against loans due to other group undertakings. This has been reclassified to amounts due other group undertakings.

3. In addition management also identified that share capital had been overstated by £1,554. This also impacted retained earnings brought forward has been corrected in these financial statements.

4. During the year management identified related party loans payable to CLV Finance, CLV Salford and CLV Bedford totalling £9,329,074 were classified within amounts due in more than one year. However these loan are repayable upon demand and therefore should be classified as due within one year. This has been corrected in these financial statements.

5. At 30 June 2017 amounts due to group undertakings falling due within one year of £1,258,081 were included within trade and other creditors. This balance has been reclassified to be shown within amounts due to group undertaking falling due within one year.

Campus Living Villages UK Limited
Notes to the financial statements (continued)
For the year ended 30 June 2018

20. Prior year adjustment (continued)

<u>Balance sheet at 30 June 2017</u>	As previously stated £	Adjustments £	As restated £
Tangible fixed assets	2,422,192	-	2,422,192
Current assets (adjustments 1 & 2)	4,592,347	(299,027)	4,293,320
Total Assets	7,014,539	(299,027)	6,715,512
Trade and other creditors (adjustment 5)	(2,549,669)	1,258,081	(1,291,588)
Amounts due to group undertaking < 1 year (adjustments 2, 4 & 5)	(2,011,958)	(10,888,559)	(12,900,517)
Amounts due to group undertaking > 1 year (adjustment 4)	(9,329,074)	9,329,074	-
Deferred tax	(21,539)	-	(21,539)
Total liabilities	(13,912,240)	(301,404)	(14,213,644)
Net liabilities	(6,897,701)	(600,431)	(7,498,132)
Share capital (adjustment 3)	57,347	(1,554)	55,793
Retained earnings (adjustments 1 & 3)	(6,955,048)	(598,877)	(7,553,925)
Total equity	(6,897,701)	(600,431)	(7,498,132)

Campus Living Villages UK Limited
Notes to the financial statements (continued)
For the year ended 30 June 2018

20. Prior year adjustment (continued)

Profit and loss account for the year ended 30 June 2017

	As previously stated £	Adjustments £	As restated £
Turnover (adjustment 1)	14,318,267	(667,683)	13,650,584
Operating expenses (adjustment 3)	(16,991,206)	1,554	(16,989,652)
Operating loss	(2,672,939)	(666,129)	(3,339,068)
Interest payable and similar expenses	(365,495)	-	(365,495)
Interest receivable and similar income	2,581	-	2,581
Loss before tax	(3,035,583)	-	(3,701,982)
Income tax expense (adjustment 1)	518,232	67,252	585,484
Loss for the financial year	(2,517,621)	(598,877)	(3,116,498)

21. Ultimate parent company and controlling party

The company's ultimate controlling party is Campus Living UK Trust (formerly named Campus Living Overseas Trust). The results of the Company are consolidated by Campus Living UK Trust, a trust company domiciled in Australia. The registered office address is Level 6, 1 Margaret Street, Sydney, NSW 2000, Australia. The results are not consolidated anywhere else.

On 3rd June 2018 Campus Living UK Trust, a trust company domiciled in Australia, was incorporated. This company consolidates all of the Campus Living Villages UK entities.