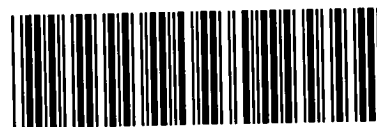


**GCP WEMBLEY LIMITED**  
**REGISTERED IN ENGLAND AND WALES**  
**COMPANY NUMBER 10231975**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

FRIDAY



A06 \*A81RPVOA\* 22/03/2019 #364  
COMPANIES HOUSE

## CONTENTS

	<b>Page</b>
Corporate Information	3
Directors' Report	4 - 5
Directors' Responsibilities Statement	6
Independent Auditor's Report	7 - 9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 23

## **CORPORATE INFORMATION**

### **Directors**

Robert Peto (Chairman)  
Marlene Wood  
Peter Dunscombe (retired on 6 November 2018)  
Malcolm Naish  
Gillian Day (appointed on 23 February 2018)

### **Secretary and Registered Office**

Link Company Matters Limited  
51 New North Road  
Exeter EX4 4EP  
Tel: 01392 477500

### **Independent Auditor**

Ernst & Young LLP  
25 Churchill Place  
Canary Wharf  
London E14 5EY

## **DIRECTORS' REPORT**

### **Introduction**

The Directors present the annual report and financial statements for GCP Wembley Limited (the "Company") for the year ended 30 June 2018.

The Directors' report has been prepared in accordance with the special provisions relating to small companies under Section 415(A) (1) and (2) of the Companies Act 2006.

On 17 August 2017, the Company changed its name from GCP Apex Limited to GCP Wembley Limited.

The Company is a wholly-owned subsidiary of GCP Holdco 3 Limited (the "Parent Company"), whose ultimate parent is GCP Student Living plc (the "Ultimate Parent Company").

### **Principal activity**

The Company was incorporated on 15 June 2016. It was dormant until it commenced construction of a forward-funded development, Scape Wembley (the "Property") which completed in August 2017.

The principal activity of the Company is, and for the foreseeable future will continue to be, the provision of student accommodation in line with the Ultimate Parent Company's investment strategy.

The Company is part of a group which consists of the Ultimate Parent Company and its subsidiaries (the "Group").

### **Strategic Report**

The Directors have taken advantage of the exemption allowed under section 414B of the Companies Act 2006 and have not prepared a strategic report.

### **Results and dividend**

The profit for the year, after taxation, amounted to £14,714,000 (2017: £694,000).

The Directors have decided not to declare a dividend in respect of the year ended 30 June 2018 (2017: £nil).

The fair value of investment property as at 30 June 2018 was £90,400,000 (2017: £59,100,000).

### **Share Capital**

As at 30 June 2018, the Company had in issue 12 (2017: 10) ordinary shares of £1 each. Equity shareholders' funds totalled £93,408,000 (2017: £60,694,000).

### **Directors**

The Directors who served during the year were:

Robert Peto  
Marlene Wood  
Peter Dunscombe (retired on 6 November 2018)  
Malcolm Naish  
Gillian Day (appointed on 23 February 2018)

## **DIRECTORS' REPORT (continued)**

### **Directors' Interests**

All of the current Directors are also directors of the Parent Company and the Ultimate Parent Company.

The Directors do not hold any shares in either the Company or the Parent Company, nor did they during the year under review. Their interests in the shares of the Ultimate Parent Company are disclosed in the Ultimate Parent Company's annual report and financial statements for the year ended 30 June 2018.

No Director has a contract of service with the Company, and there were no contracts or arrangements at any time during the year ended 30 June 2018, or since, in which a Director of the Company was materially interested, whether directly or indirectly.

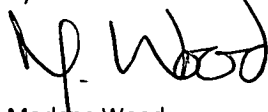
### **Auditor**

The Auditor for the year was Ernst & Young LLP who have expressed their willingness to remain in office as Auditor of the Company.

### **Disclosure of Information to the Auditor**

Each Director confirms that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware, and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

By order of the Board



Marlene Wood  
Director  
19 March 2019

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU").

The Directors are required to prepare financial statements for each financial period which 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 those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GCP WEMBLEY LIMITED**

### **Opinion**

We have audited the financial statements of GCP Wembley Limited for the year ended 30 June 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 20, including a summary of significant accounting policies. 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.

In our opinion, the financial statements:

- ▶ give a true and fair view of the company's affairs as at 30 June 2018 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- ▶ have been prepared in accordance with the 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ▶ the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GCP WEMBLEY LIMITED (continued)**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- ▶ the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the Directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

- ▶ adequate accounting records have not been kept by the parent company, 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.

### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for 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 the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

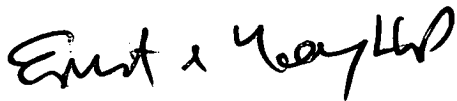
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GCP WEMBLEY LIMITED (continued)**

**Use of our Report**

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.



Ashley Coups (Senior statutory auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
**20** March 2019

**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 30 June 2018

		Year ended 30 June 2018	Period 15 June 2016 to 30 June 2017
Continuing operations	Notes	£'000	£'000
Revenue	5	3,232	-
Property operating expenses	6	(1)	-
<b>Net rental income</b>		<b>3,231</b>	-
Administration expenses	6	(50)	(209)
<b>Operating profit before gains on investment properties</b>		<b>3,181</b>	<b>(209)</b>
Fair value gains on investment properties	3	11,356	903
Fair value gains on subsidiary company	4	177	-
<b>Operating profit</b>		<b>14,714</b>	<b>694</b>
Finance income	-	-	-
<b>Profit before tax</b>		<b>14,714</b>	<b>694</b>
Tax charge for the year	8	-	-
<b>Profit for the year</b>		<b>14,714</b>	<b>694</b>

There were no items of other comprehensive income and therefore, profit for the year also reflects the total comprehensive income for the year.

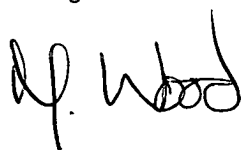
The accompanying notes on pages 14 to 23 form an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

Assets	Notes	As at 30 June 2018 £'000	As at 30 June 2017 £'000
<b>Non-current assets</b>			
Investment property	3	90,400	59,100
Investment in subsidiary company	4	177	-
		<b>90,577</b>	<b>59,100</b>
<b>Current assets</b>			
Trade and other receivables	10	2,820	1,506
Cash and cash equivalents	11	778	16,401
		<b>3,598</b>	<b>17,907</b>
<b>Total assets</b>		<b>94,175</b>	<b>77,007</b>
<b>Liabilities</b>			
<b>Long term Liabilities</b>			
Retention Account		(558)	-
<b>Current liabilities</b>			
Amounts due to related parties	12	-	(15,393)
Trade and other payables	12	(209)	(920)
<b>Total liabilities</b>		<b>(767)</b>	<b>(16,313)</b>
<b>Net assets</b>		<b>93,408</b>	<b>60,694</b>
<b>Equity</b>			
Share capital	13	-	-
Share premium	14	78,000	60,000
Retained earnings	15	15,408	694
<b>Total equity</b>		<b>93,408</b>	<b>60,694</b>

These financial statements were approved by the Board of Directors of GCP Wembley Limited on 19 March 2019 and signed on its behalf by:



Marlene Wood  
Director

Company registered number 10231975

The accompanying notes on pages 14 to 23 form an integral part of these financial statements.

# **STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2018

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 30 June 2017	-	60,000	694	60,694
Profit for the year	-	-	14,714	14,714
<b>Total comprehensive income</b>	-	-	<b>14,714</b>	<b>14,714</b>
Shares issued in the year	-	18,000	-	18,000
<b>Balance at 30 June 2018</b>	-	<b>78,000</b>	<b>15,408</b>	<b>93,408</b>

For the year ended 30 June 2017

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 15 June 2016	-	-	-	-
Profit for the period	-	-	694	694
<b>Total comprehensive income</b>	-	-	<b>694</b>	<b>694</b>
Shares issued in the period	-	60,000	-	60,000
<b>Balance at 30 June 2017</b>	-	<b>60,000</b>	<b>694</b>	<b>60,694</b>

The accompanying notes on pages 14 to 23 form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**  
For the year ended 30 June 2018

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
<b>Cash flows from operating activities</b>		
Operating profit	14,714	694
Adjustments to reconcile profit for the year to net cash flows:		
Gain from change in fair value of investment properties	(11,356)	(903)
Gain from change in fair value of subsidiaries	(177)	-
Recharges from other group entities	(3,224)	161
(Increase)/decrease in other receivables and prepayments	80	(1,506)
Increase in other payables and accrued expenses	-	10
<b>Net cash flow generated from operating activities</b>	<b>37</b>	<b>(1,544)</b>
<b>Cash flows from investing activities</b>		
Payments on properties under construction	(18,660)	(37,055)
<b>Net cash flow used in operating activities</b>	<b>(18,660)</b>	<b>(37,055)</b>
<b>Cash flows from financing activities</b>		
Net cash received from related parties	3,000	55,000
<b>Net cash flow generated from financing activities</b>	<b>3,000</b>	<b>55,000</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(15,623)</b>	<b>16,401</b>
Cash and cash equivalents at start of the year	16,401	-
<b>Cash and cash equivalents at end of the year</b>	<b>778</b>	<b>16,401</b>
<b>Non-cash items</b>		
Shares issued to ultimate Parent Company	-	60,000
Purchase of land by ultimate Parent Company	-	(20,000)

The accompanying notes on pages 14 to 23 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 1. General information

The Company was incorporated in England and Wales on 15 June 2016. The registered office of the Company is 51 New North Road, Exeter EX4 4EP.

The Company is a wholly-owned subsidiary of the Parent Company. The results of the Company are included in the consolidated financial statements of the Ultimate Parent Company which are available from the Companies House.

### 2. Basis of preparation

These financial statements are prepared in accordance with IFRS issued by the International Accounting Standards Board as adopted by the EU. The financial statements have been prepared under the historical cost convention, except for investment property that has been measured at fair value. The audited financial statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

The financial statements are in respect of the year ended 30 June 2018. Comparative figures are for the period 15 June 2016 to 30 June 2017.

#### 2.1 Changes to accounting standards and interpretations

The following new standards and amendments to existing standards have been published and once approved by the EU, will be mandatory for the Company's accounting periods beginning after 1 July 2018 or later periods.

- IFRS 7 Financial Instruments: Disclosures – amendments regarding additional hedge accounting disclosures (applies when IFRS 9 is applied).
- IFRS 9 Financial Instruments (Effective for annual periods beginning on or after 1 January 2018). Financial instruments will remain at amortised cost and the expected credit loss model is not expected to lead to a material increase in impairment due to the nature and size of financial assets.
- IFRS 15 Revenue from Contracts (effective for annual periods beginning on or after 1 January 2018). The Company's revenue has no material impact on the Company's accounts in respect of IFRS 15.
- IFRS 16 – Leases (effective for annual periods beginning on or after 1 January 2019). IFRS 16 has minimal impact on the Company.

The Company does not expect the adoption of new accounting standards issued but not yet effective to have a significant impact on its financial statements.

#### 2.2 Significant accounting judgements and estimates

The preparation of these audited financial statements in accordance with IFRS requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

##### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

##### Valuation of property

The valuation of the Company's investment property is at fair value as determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Global Standards 2017 (incorporating the International Valuation Standards) and in accordance with IFRS 13 Fair Value Measurement.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2018

### **2.2 Significant accounting judgements and estimates (continued)**

#### **Operating lease commitments – Company as a lessor**

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

#### **Going concern**

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future being a period of at least 12 months from the date that these financial statements are approved. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

### **2.3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### **a) Functional and presentation currency**

The overall objective of the Company is to generate returns in Pound Sterling and the Company's performance is evaluated in Pound Sterling. Therefore, the Directors consider Pound Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have therefore adopted it as the functional and presentation currency.

#### **b) Investment property**

Investment property comprises property held to earn rental income or for capital appreciation or both. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes and professional fees to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the period in which they arise under IAS 40 Investment Property.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (from lettings, tenants' profiles, future revenue streams) capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property and discount rates applicable to those assets.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

#### **c) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and short-term deposits with banks and other financial institutions with an initial maturity of three months or less.

#### **d) Trade and other receivables**

Rent and other receivables are recognised at their original invoiced value. An impairment provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

#### **e) Trade and other payables**

Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 2.3 Summary of significant accounting policies (continued)

#### f) Deferred income

Deferred income is rental income received in advance during the accounting period. Income is deferred and unwound to revenue on a straight line basis over the period in which it is earned.

#### g) Revenue recognition

##### i) Rental income

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

##### ii) Finance income

Interest income is recognised on an effective interest rate basis and shown within the income statement as finance income.

#### h) Operating and administration expenses

Property operating expenses and administration expenses are charged to the income statement and are accounted for on an accruals basis.

#### i) Taxes

Corporation tax is recognised in the income statement except where in certain circumstances corporation tax may be recognised in other comprehensive income. As part of a REIT group, the Company is exempt from corporation tax on the profits and gains from its property rental business, provided the Group continues to meet certain conditions as per REIT regulations.

Non-qualifying profits and gains of the Company (the residual business) continue to be subject to corporation tax. Therefore, current tax is the expected tax payable on the non-qualifying taxable income for the year if applicable, using tax rates enacted or substantively enacted at the balance sheet date.

#### j) Dividends to shareholders

Dividends due to the Company's shareholders are recognised when they are declared. For interim dividends this is when they are declared.

### 3. UK investment property under construction

	Year ended 30 June 2018 £'000	Period 15 June 2016 to 30 June 2017 £'000
At the start of the period	59,100	-
Land and development costs	19,930	58,197
Fair value gains on revaluation of land	-	903
Movement between properties under construction and investment property	(79,030)	-
<b>Valuation at the end of the year</b>	<b>-</b>	<b>59,100</b>

#### UK investment property

	Year ended 30 June 2018 £'000	Period 15 June 2016 to 30 June 2017 £'000
At the start of the period	-	-
Movement between properties under construction and investment property	79,030	-
Additional expenditure on investment property	14	-
Fair value gains on revaluation of investment property	11,356	-
<b>Valuation at the end of the year</b>	<b>90,400</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 4. Investment in Subsidiary Companies

	Year ended 30 June 2018	Period 15 June 2016 to 30 June 2017
	£'000	£'000
At the start of the period	-	-
Fair value gains on the revaluation of the subsidiary company	177	-
<b>Valuation at the end of the period</b>	<b>177</b>	<b>-</b>

### 5. Revenue

The following table analyses rental income received:

	Year ended 30 June 2018	Period 15 June 2016 to 30 June 2017
	£'000	£'000
Rental income received from related party	3,232	-
<b>Total</b>	<b>3,232</b>	<b>-</b>

### 6. Property operating and administration expenses

	Year ended 30 June 2018	Period 15 June 2016 to 30 June 2017
	£'000	£'000
Property operating expenses	1	-
Administration expenses	50	209
<b>Total</b>	<b>51</b>	<b>209</b>

### 7. Auditor's remuneration

	Year ended 30 June 2018	Period 15 June 2016 to 30 June 2017
	£'000	£'000
Audit fee	4	8
<b>Total</b>	<b>4</b>	<b>8</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 8. Taxation

As a member of a REIT Group, the Company's UK property rental business (both income and capital gains) is exempt from tax. Any residual income from non-property business is subject to corporation tax. Corporation tax charges have arisen as follows:

	Year ended 30 June 2018 £'000	Period 15 June 2016 to 30 June 2017 £'000
Corporation tax on residual income for current period	-	-
<b>Total</b>	-	-

Reconciliation of tax charge to profit before tax:

	Year ended 30 June 2018 £'000	Period 15 June 2016 to 30 June 2017 £'000
Profit before tax	14,714	694
Corporation tax at 19% (2017: 19.76%)	2,796	137
Change in value of investment property	(2,157)	-
Tax exempt property rental business	(639)	(137)
<b>Tax charge on residual income</b>	-	-

The UK Government announced as part of the Finance (No 2) Act 2015, which received Royal Assent on 18 November 2015, that the main rate of corporation tax rate would be reduced from 20% to 19% from 1 April 2017. As part of the Finance Act 2016, a further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016 and received Royal Assent on 15 September 2016. This will affect the rate at which future UK cash tax will be payable.

### 9. Dividends

	Year ended 30 June 2018 £'000	Period 15 June 2016 to 30 June 2017 £'000
Dividends paid	-	-
<b>Total</b>	-	-

### 10. Trade and other receivables

	30 June 2018 £'000	30 June 2017 £'000
Prepayments and other receivables	4	85
Licence fee	-	1,421
Amounts receivable from related parties	2,816	-
<b>Total</b>	<b>2,820</b>	<b>1,506</b>

Amounts receivable from related parties are unsecured, interest free and due on demand.

### 11. Cash and cash equivalents

	30 June 2018 £'000	30 June 2017 £'000
Cash at bank	778	16,401
<b>Total</b>	<b>778</b>	<b>16,401</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 12. Other payables and accrued expenses

	30 June 2018	30 June 2017
	£'000	£'000
Amounts due to related parties	-	15,393
Trade and other payables	209	920
<b>Total</b>	<b>209</b>	<b>16,313</b>

Amounts due to related parties are unsecured, interest free and payable on demand.

### 13. Share capital

	30 June 2018	30 June 2017
	Number of Shares	Number of shares
Issued and fully paid:		
Ordinary Shares at £1 each	10	6
Shares issued 6 December 2016	-	2
Shares issued 13 March 2017	-	2
Shares issued 19 September 2017	2	-
<b>Total</b>	<b>12</b>	<b>10</b>

Share capital comprises one class of ordinary shares. At general meetings of the Company, shareholders are entitled to one vote on a show of hands and on a poll, to one vote for every share held. There are no restrictions on the size of a shareholding or the transfer of shares.

### 14. Share premium

	30 June 2018	30 June 2017
	£'000	£'000
At the start of the year	60,000	60,000
Shares issued 19 September 2017	18,000	-
<b>Total</b>	<b>78,000</b>	<b>60,000</b>

### 15. Capital and reserves

#### Share capital

Share capital is the nominal amount of the Company's ordinary shares in issue. This equates to £1 per ordinary share.

#### Share premium

Share premium relates to amounts subscribed for share capital in excess of nominal value.

#### Retained earnings

Retained earnings represent the profits of the Company and other distributable amounts less dividends paid to date. It should be noted that unrealised gains on the revaluation of investment properties contained within this reserve are not distributable until the gains crystallise on the sale of the investment property.

Retained earnings comprise the following cumulative amounts:

	30 June 2018	30 June 2017
	£'000	£'000
Total unrealised gains/(losses)	12,436	903
Total revenue profits/(losses)	2,972	(209)
<b>Retained earnings</b>	<b>15,408</b>	<b>694</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 16. Fair value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values.

The fair value of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

Quarterly valuations of investment property are performed by Knight Frank LLP, an accredited external valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued, however the valuations are the ultimate responsibility of the Directors, who appraise these quarterly.

The valuation of the Company's investment property at fair value is determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Global Standards 2017.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams) capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property and discount rates applicable to those assets.

The following tables show an analysis of the fair values of financial instruments recognised in the statement of financial position by level of the fair value hierarchy<sup>1</sup>:

30 June 2018				
	Level 1	Level 2	Level 3	Total
Assets and liabilities measured at fair value	£'000	£'000	£'000	£'000
Investment property	-	-	90,400	90,400
Investment in subsidiary company	-	-	177	177
	-	-	90,577	90,577

30 June 2017				
	Level 1	Level 2	Level 3	Total
Assets and liabilities measured at fair value	£'000	£'000	£'000	£'000
Properties under construction	-	-	59,100	59,100
	-	-	59,100	59,100

<sup>1</sup> Explanation of the fair value hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data; and
- Level 3 – use of a model with inputs that are not based on observable market data.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 16. Fair value (continued)

#### Valuation techniques and significant inputs with the valuation of investment properties

The following table analyses:

- the fair value measurements at the end of the reporting period;
- a description of the valuation techniques applied;
- the inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- for Level 3 fair value measurements, quantitative information about significant unobservable inputs used in the fair value measurement.

Class	Fair value	Valuation technique	Key unobservable inputs	Range
Student property 30 June 2018	£90,400,000	Income capitalisation	Estimated rental value (ERV) – 2017/18	£165 - £305 per week
			Rental growth	3.0%
			Tenancy period	41/51 weeks
			Sundry income	£100 per bed per annum
			Facilities management cost	£2,300 per bed per annum
			Initial yield	5.25%

#### Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

Significant increases/(decreases) in the ERV (per square foot per annum "sq ft p.a.") and rental growth p.a. in isolation would result in a significantly higher/(lower) fair value measurement. Significant increases/(decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower/(higher) fair value measurement.

Generally, a change in the assumption made for the ERV (per sq ft p.a.) is accompanied by:

- a similar change in the rent growth p.a. and discount rate (and exit yield); and
- an opposite change in the long-term vacancy rate.

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £11,356,000 (2017: £903,000) and are presented in the income statement in line item 'fair value gains on investment properties'.

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

The carrying amount of the Company's other assets and liabilities are considered to be the same as their fair value.

### 17. Financial risk management objectives and policies

The Company has trade and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Company is exposed to market risk, interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

#### Market risk

Market risk is the risk that the future values of investments in property will fluctuate due to changes in market prices. The total exposure at the statement of financial position date is £90,287,000 (2017: £59,100,000) and to manage this risk, regular updates on the student accommodation market and senior debt market are provided to the Board of Directors to act as an early warning signal of any adverse market conditions ahead.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 17. Financial risk management objectives and policies (continued)

#### Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is minimal.

#### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its leasing activities and its financing activities, including deposits with banks.

Credit risk is managed by requiring tenants to pay rentals in advance. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

The following table analyses the Company's exposure to credit risk:

	30 June 2018	30 June 2017
	£'000	£'000
Cash and cash equivalents	778	16,401
Trade and other receivables	2,820	1,506
<b>Total</b>	<b>3,598</b>	<b>17,907</b>

The cash and cash equivalents at 30 June 2018 are held with Barclays Bank plc which has been given an A (Stable) credit rating by Standard & Poor's.

#### Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Total
Year ended 30 June 2018	£'000	£'000	£'000	£'000	£'000	£'000
Amounts due to related parties	-	-	-	-	-	-
Other payables and accrued expenses	-	209	-	-	-	209
	-	209	-	-	-	209

	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Total
Year ended 30 June 2017	£'000	£'000	£'000	£'000	£'000	£'000
Amounts due to related parties	15,394	-	-	-	-	15,394
Other payables and accrued expenses	-	920	-	-	-	920
	15,394	920	-	-	-	16,314

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 18. Capital management

The Company's capital is represented by share capital and reserves.

The principal objective of the Company's capital management strategy is to ensure the Company's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid, issue new shares or return capital to the Parent Company. In any circumstances, the Parent Company and the Ultimate Parent Company will provide adequate financial support to ensure the Company's business continuity.

### 19. Related party transactions

As defined by IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Company owns 100% of the share capital of GCP Wembley 2 Limited registered number 10182391, registered in England and Wales.

The table below discloses transactions and balances between the Company, its Parent Company and other related parties:

	30 June 2018	30 June 2017
Transactions during the year	£'000	£'000
Costs recharged by GCP Student Living plc	(8)	(161)
Cash transfers from GCP Student Living plc	(549)	(55,000)
Expenses paid by GCP Student Living plc	(3)	(232)
Shares Issued to GCP Student Living plc	18,000	60,000
Purchase of land paid by GCP Student Living plc	-	(20,000)
Rent transfers from GCP Wembley 2 Limited	3,231	-
Costs recharged to GCP Wembley 2 Limited	(14)	-
Cash transfers to GCP Wembley 2 Limited	(2,450)	-
Expenses paid to GCP Wembley 2 Limited	2	-
<b>Balances outstanding at the end of the year</b>		
GCP Wembley 2 Limited	769	-
GCP Student Living plc	2,047	(15,393)

### 20. Ultimate controlling party

The Company's ultimate parent undertaking is GCP Student Living plc. The Company's financial results are included within the Group accounts which are publicly available at Companies House.