

GCP TOPCO 2 LIMITED

**REGISTERED IN ENGLAND AND WALES
COMPANY NUMBER 10657545**

**ANNUAL REPORT
FOR THE PERIOD FROM 07 MARCH 2017 TO 30 JUNE 2018**

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CORPORATE INFORMATION

Directors

Robert Peto (Chairman) (appointed on 7 March 2017)
Marlene Wood (appointed on 7 March 2017)
Peter Dunscombe (appointed on 7 March 2017 and retired on 6 November 2018)
Malcolm Naish (appointed on 7 March 2017)
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

The Directors present their report and financial statements for the Company for the period from 7 March 2017 to 30 June 2018.

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

The Company is a wholly-owned subsidiary of GCP Student Living plc (the 'Parent Company').

Principal activity and review of the period

The principal activity of the Company is, and for the foreseeable future will continue to be, a holding company for companies providing student accommodation which is in line with the Parent Company's investment strategy.

The Company is part of a group which consists of the 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 period, after taxation, amounted to £5,443,000.

During the period, the Company declared £1,606,000 in dividends to the Parent Company. The Company has decided not to declare a dividend in respect of the period ended 30 June 2018 after the period end.

Share Capital

As at 30 June 2018, the Company had in issue fourteen ordinary shares of £1 each. Equity shareholders' funds totaled £107,812,000.

Directors

The Directors who served during the period 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.

The Directors do not hold any shares in the Company nor did they during the period under review. Their interests in the shares of the Parent Company are disclosed in the Parent Company's annual report and financial statements for the period 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 period ended 30 June 2018, or since, in which a Director of the Company was materially interested, whether directly or indirectly.


Disclosure of information to 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 has taken all the steps that they ought to have taken as 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.

Auditor

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

On behalf of the Board



Director

6 December 2018

ROBERT MALCOLM NAISH

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 TOPCO 2 LIMITED

Opinion

We have audited the financial statements of GCP Topco 2 Limited for the period ended 30 June 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 21, 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 period then ended;
- ▶ have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

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 TOPCO 2 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 period for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the directors' report have 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 strategic report or 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 TOPCO 2 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.

A handwritten signature in black ink, appearing to read 'Ashley Coups', is written over the printed name.

Ashley Coups (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
7 December 2018

STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2018

		Period ended 30 June 2018 £'000
Continuing operations	Notes	
Revenue	4	1,036
Dividends from group entities	4	1,606
Administration expenses	5	(1,051)
Operating profit before gains on investments		1,591
Fair value gains on investments in subsidiary	3	3,852
Operating profit		5,443
Finance income	6	1,402
Finance expenses	7	(1,402)
Profit before tax		5,443
Tax charge for the period	10	-
Profit for the period		5,443

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

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

STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

		As at Period ended 30 June 2018 £'000
Assets	Notes	
Non-current assets		
Investment in subsidiary	3	107,827
		107,827
Current assets		
Trade and other receivables	11	42,244
Cash and cash equivalents		-
		42,244
Total assets		150,071
Liabilities		
Current liabilities		
Trade and other payables	12	(2,259)
		(2,259)
Non-current liabilities		
Interest bearing loans and borrowings	12	(40,000)
Total liabilities		(42,259)
Net assets		107,812
Equity		
Share capital	13	-
Share premium	14	103,975
Retained earnings	15	3,837
Total equity		107,812

These financial statements were approved by the Board of Directors of GCP Topco 2 Limited on
6 December 2018 and signed on its behalf by:


Director **ROBERT MALCOLM NAISH**

Company registered number 10657545

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

STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2018

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 7 March 2017		-	-	-	-
Profit for the period		-	-	5,443	5,443
Total comprehensive income		-	-	5,443	5,443
Ordinary shares issued		-	103,975	-	103,975
Dividends	9	-	-	(1,606)	(1,606)
Balance at 30 June 2018		-	103,975	3,837	107,812

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

STATEMENT OF CASH FLOWS
For the period ended 30 June 2018

	Period ended 30 June 2018 £'000
Cash flows from operating activities	
Operating profit	5,443
Adjustments to reconcile profit for the period to net cash flows:	
Gain from change in fair value of investment in subsidiary	(3,852)
Net recharges to group entities	(1,598)
Decrease in other payables and accrued expenses	7
Net cash flow generated used in operating activities	-
Net increase in cash and cash equivalents	-
Cash and cash equivalents at start of the period	-
Cash and cash equivalents at end of the period	-
Non-cash Items	
Acquisition of subsidiaries from Parent Company in exchange for share capital	-
Long-term loan drawn down	40,000
Long-term loan granted to GCP Holdco 2 Limited	(40,000)
Share premium	15,000
Interest received	1,132
Dividends received	1,606

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2018

1. General information

GCP Topco 2 Limited is a company incorporated in England and Wales on 7 March 2017. 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 Parent Company which are publicly 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 investments in subsidiaries that have 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.

Under IFRS 10, the Company is not required to prepare consolidated financial statements as it meets all of the following conditions:

- It is a wholly owned subsidiary of another entity
- Its debt or equity instruments are not traded in a public market
- It did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market, and
- Its immediate parent produces financial statements available for public use that comply with IFRSs, in which subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with IFRS 10.

The financial statements are for the period ended 30 June 2018. Being the first period since inception no comparative figures are presented.

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 is outside the scope 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 the new accounting standards issued but not yet effective to have a significant impact on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2018

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, the Directors have made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

Valuation of investments in subsidiaries

Investments in the subsidiary companies are valued at fair value. The Directors consider that the net asset value ("NAV") of each of the subsidiary companies is equivalent to fair value. Further details of the valuation techniques are disclosed within note 16 of the financial statements.

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 twelve months from the date of this report. 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 the 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 in subsidiary companies

Investment in subsidiary companies owned by the Company are valued at NAV, which in the opinion of the Directors is equivalent to fair value. Changes in fair value of the investments and gains on the sale of investments are recognised as they arise in the Company's statement of comprehensive income.

c) Cash and cash equivalents

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

d) Trade and other receivables

Trade 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 (CONTINUED)
For the period ended 30 June 2018

2.3 Summary of significant accounting policies (continued)

f) Revenue recognition

i) Management recharges

Revenue represents intercompany recharges of fund level property related expenses which are recognised on an accruals basis.

ii) Interest income

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

g) Operating and administration expenses

All property operating expenses and administration expenses are charged to the statement of comprehensive income and are accounted for on an accruals basis.

h) Finance expenses

Finance costs consist of interest and other costs that the Company incurs in connection with bank and other borrowings.

i) Taxes

Corporation tax is recognised in the statement of comprehensive income 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 it 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 period if applicable, using tax rates enacted or substantively enacted at the balance sheet date.

j) Interest bearing loans and borrowings

Loans and borrowings are initially recognised at cost net of directly attributable transaction costs. Loans and borrowings are subsequently measured at amortised cost with interest charged to the income statement at the effective interest rate and shown within finance costs. Transaction costs are spread over the term of borrowing.

k) Dividends to shareholders

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

3. Investment in subsidiary companies

	Period ended 30 June 2018 £'000
Investment in GCP Holdco 2 Limited	103,975
Fair value gains on the revaluation of subsidiary	3,852
Valuation at the end of the period	107,827

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2018

4. Revenue

The following table analyses revenue received:

	Period ended 30 June 2018 £'000
Management recharged to related parties	880
Payroll recharge from related parties	156
	1,036
Dividends received from Group entities	1,606
Total	2,642

5. Administration expenses

	Period ended 30 June 2018 £'000
Management recharge from related parties	888
Payroll recharge from related parties	156
Administration expenses	7
Total	1,051

6. Finance income

	Period ended 30 June 2018 £'000
Loan interest received from related parties	1,402
Total	1,402

7. Finance expenses

	Period ended 30 June 2018 £'000
Loan interest	1,402
Total	1,402

8. Auditor's remuneration

	Period ended 30 June 2018 £'000
Audit fee	5
Total	5

9. Dividends

	Period ended 30 June 2018 £'000
Dividends	1,606
Total	1,606

The Company has decided not to declare a dividend in respect of the period ended 30 June 2018 after the period end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2018

10. Taxation

As a member of a REIT group, any 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:

	Period ended 30 June 2018 £'000
Corporation tax on residual income for current period	-
Total	-

Reconciliation of tax charge to profit before tax:

	Period ended 30 June 2018 £'000
Profit before tax	5,443
Corporation tax at 19.05%	1,037
Group relief	(1,037)
Tax charge on residual income	-

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.

11. Trade and other receivables

	Period ended 30 June 2018 £'000
Loans receivable from related parties	42,244
Total	42,244

Loans due from related parties are unsecured and payable on demand. Interest is charged on the loans at a rate of 2.83% per annum on £40,000,000. Other amounts receivable from related parties are unsecured, interest free and payable on demand.

12. Other payables and accrued expenses

	Period ended 30 June 2018 £'000
Accruals	4
Loans due to related parties	2,255
Long term loans to related parties	40,000
Total	42,259

Loans due to related parties are unsecured and payable on demand. Interest is charged on the loans at a rate of 2.83% per annum on £40,000,000. Other amounts due to related parties are unsecured, interest free and payable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2018

13. Share capital	Period ended 30 June 2018 Number of Shares
Issued and fully paid:	
At the start of the period	-
Issued during the period	14
Balance at the end of the period	14

The 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	Period ended 30 June 2018 £'000
At the start of the period	-
Shares issued during the period	103,975
Share premium	103,975

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.

Retained earnings

Retained earnings represent the profits of the Company and other distributable amounts less dividends paid to date.

Retained earnings comprise the following cumulative amounts:

	Period ended 30 June 2018 £'000
Total unrealised gains on investment in subsidiary	3,852
Total revenue profits	1,591
Dividends paid	(1,606)
Retained earnings	3,837

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 the subsidiary is based on NAV. The NAV of the subsidiary is equal to the fair value of the assets and liabilities held by the subsidiary. The valuations are the ultimate responsibility of the Directors, who appraise these quarterly.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2018

16. Fair value (continued)

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 hierarchy¹:

	30 June 2018			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
Assets and liabilities measured at fair value				
Investment in subsidiary	-	-	107,827	107,827
	-	-	107,827	107,827

¹ 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.

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £3,852,000 and are presented in the statement of comprehensive income in line item 'fair value gains on investment in subsidiaries'.

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 investments in subsidiary held at the end of the reporting period.

The investments in subsidiary companies are valued at the Company's assets and liabilities which 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 fair values of investments in subsidiaries will fluctuate because of changes in the market. The total exposure at the statement of financial position date is £107,827,000. These risks are managed in the subsidiary companies of Holdco 2 Limited; with regular updates on the student accommodation and senior debt markets being provided to the Board of Directors to act as an early warning signal of any adverse market conditions ahead.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period 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 as it has taken out fixed rate bank loans.

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 financing activities, including deposits with banks and financial institutions.

Trade and other receivables relate to balances with the group companies, all of which are currently profit making. These are predominantly entities which earn capital appreciation and generate rental income from their investment properties. The Ultimate Parent Company will provide adequate financial support to these entities to ensure the Company's business continuity.

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:

	Period ended 30 June 2018 £'000
Cash and cash equivalents	-
Trade and other receivables	42,244
Total	42,244

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 and loans through the subsidiary.

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	Over 5 years	Total
Period ended 30 June 2018	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	42,255	4	-	-	-	42,259
	42,255	4	-	-	-	42,259

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2018

19. Capital management

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

The primary objective of the Company's capital management is to ensure that it remains within its quantitative banking covenants and maintains a strong credit rating. No changes were made in the objectives, policies or processes during the period.

The Company may use gearing to enhance returns over the long term. The level of gearing will be governed by careful consideration of the cost of borrowing and the Company may use hedging or otherwise seek to mitigate the risk of interest rate increases.

20. 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 tables below disclose transactions and balances between the Company, its Parent Company and other Group entities.

	Period ended 30 June 2018
Loans advanced to/(from) Group entities	£'000
GCP Holdco 2 Limited	40,000
GCP Student Living plc	(40,000)

	Period ended 30 June 2018
Transactions in the Period	£'000
Payroll recharge to GCP Holdco 2 Limited	(156)
Payroll recharge from GCP Student Living plc	156
Management recharge to GCP Holdco Limited	880
Management recharge from GCP Student Living plc	(881)
Cash received from GCP Holdco Limited	15,510
Cash paid to GCP Student Living plc	(14,470)
Payments made by the Company on behalf of GCP Holdco 2 Limited	(752)
Loan to GCP Student Living plc	40,000
Loan to GCP Holdco Limited	(40,000)
Dividend received from GCP Holdco Limited	1,606
Dividend paid to GCP Student Living plc	(1,606)

	Period ended 30 June 2018
Balances outstanding at the end of the period	£'000
GCP Student Living plc	(42,255)
GCP Holdco 2 Limited	42,244
Total	(11)

21. Ultimate controlling party

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