

Group Strategic Report, Directors' Report and
Audited Consolidated Financial Statements for the Year Ended 30 June 2019
for
Dashwood London Holding (2016) Plc

Dashwood London Holding (2016) Plc

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for the Year Ended 30 June 2019

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Dashwood London Holding (2016) Plc

Company Information
for the Year Ended 30 June 2019

DIRECTORS:

J K Chadwick
S T McKeown
L M Mclean
G N Shweiry

REGISTERED OFFICE:

Second Floor
11 Pilgrim Street
London
EC4V 6RN

REGISTERED NUMBER:

10324184 (England and Wales)

INDEPENDENT AUDITOR:

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

BANKERS:

Barclays Bank
Level 25
1 Churchill Place
London
E14 5HP

U.S Bank Global Corporate Trust Services
5th Floor
125 Old Broad Street
London
EC2N 1AR

Dashwood London Holding (2016) Plc

Group Strategic Report for the Year Ended 30 June 2019

The directors present their strategic report of the company and the group for the year ended 30 June 2019.

REVIEW OF BUSINESS

Dashwood London Holding (2016) Plc was incorporated on 10 August 2016. The principal business activity of Dashwood London Holding (2016) Plc is to act as a special purpose holding company with limited permitted activities to acquire and subsequently operate a student accommodation property which serves a number of higher education institutions.

Dashwood London Holdings (2016) Plc is a joint venture between Arlington Student Holdings (No.5) Limited ("Arlington Investor") and Campus Living Villages (Dashwood London) UK Limited ("CLV Dashwood").

Dashwood London Holdings (2016) Plc owns 100% of Dashwood Bond Issuer Plc ("Bond Issuer") which began trading on 17 August 2017 for the purposes of issuing listed debt securities on the Irish Stock Exchange. The funds raised from the issuance of these securities were used to purchase the student accommodation properties held by its subsidiary operating partnerships, European Property (Walworth Road) Property Limited Partnership ("Lettings Partnership") and European Property (Walworth Road) Property Limited Partnership ("Property Partnership").

RESULTS

The results of the Group for the period are shown in the Consolidated Income Statement. Loss before tax was £1,216k (30 June 2018: £1,851k) with an operating profit of £1,494k (30 June 2018: £1,445k).

The Consolidated Balance sheet shows that the net liabilities at the period end were £5.2m (30 June 2018: £4.0m).

KEY PERFORMANCE INDICATORS

The directors use the following principal measures of overall performance:

	2019 £'000	2018 £'000
Cash from operations	1,828	1,868
EBITDA*	2,460	2,384
	%	%
Occupancy	100	100

*Earnings before interest, taxation, depreciation, and amortisation for the year.

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
- Ongoing viability of Universities in London.

Credit risk

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the group arise from financial risk through its assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. Due to the nature of the Group's business and the assets and liabilities contained within the group's balance sheet the only financial risks the directors consider relevant to this company are credit risk and liquidity risk. These risks are mitigated by the high credit quality of debtor balances receivable, these being due from other group companies. Cash flow risk is mitigated by the matching of terms between the listed debt securities and the intercompany loan arrangements with the subsidiary entities.

Liquidity risk

Cash flow forecasts are utilised to manage liquidity risk. Non-routine capital expenditure is funded through borrowings and cash calls from investors. Repayments of borrowings are funded through cash generated from operations.

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 Dashwood Studios site. 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.

ON BEHALF OF THE BOARD:



.....
S T McKeown - Director

Date: 20 December 2019

Second Floor
11 Pilgrim Street
London
United Kingdom
EC4V 6RN

Dashwood London Holding (2016) Plc

Directors' Report
for the Year Ended 30 June 2019

The directors present their report with the financial statements of the company and the group for the year ended 30 June 2019.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2019 (30 June 2018: £nil).

FUTURE DEVELOPMENTS

The directors expect the general level of activity to improve in the forthcoming year compared with the year to 30 June 2019. This is consistent with the long-term strategy of the Group and the fact that the bonds held by the entity have a number of years until maturity.

There have been no significant events since the balance sheet date.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2018 to the date of this report.

S T McKeown
G N Shweiry

Other changes in directors holding office are as follows:

P J Berry - resigned 19 July 2018
Miss L J Brown - appointed 19 July 2018 - resigned 13 February 2019
J K Chadwick - appointed 13 February 2019
M P Hadland - resigned 19 July 2018
L M Mclean - appointed 13 February 2019
M J Panopoulos - appointed 19 July 2018 - resigned 13 February 2019

POLITICAL DONATIONS AND EXPENDITURE

No donations were made to any political party during the year (30 June 2018: £nil).

Directors' Report
for the Year Ended 30 June 2019

GOING CONCERN

Notwithstanding the consolidated group loss for the year of £1.2m (30 June 2018: £1.9m) and consolidated net current liabilities of £9.1m (30 June 2018: £8.8m) as at 30 June 2019 and the net current liabilities of the company of £10.0m (30 June 2018: £10.0m) the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 30 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its external liabilities as they fall due for that period.

Those forecasts are dependent on related parties, CLV (Dashwood London) UK Ltd, A1 Student Accommodation Project Finance Limited and Arlington Student Holdings (No. 5) Ltd not seeking repayment of the amounts currently due from the group, which at 30 June 2019 amounted to £1.6m, £7.7m and £6.5m respectively. CLV (Dashwood London) UK Ltd, A1 Student Accommodation Project Finance Limited and Arlington Student Holdings (No. 5) Ltd have indicated that they do not intend to seek repayment of these amounts for a period of at least twelve months from the period of approval of these financial statement. 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.

The loans from these related parties have been provided to the group in order to fund the provision of student accommodation over the long term. Whilst the Group is loss making and is a net liability position this was always forecast to occur in early years. Whilst the related party payables are repayable on demand the long term cash flows model schedules the loans to be repaid by the Group in 2063, on the basis that the loans were a long-term investment of the related party lenders.

To date, the group's actual revenue achieved is slightly behind amounts expected in this model. In addition the Group has also fallen behind this model in relation to operating costs. Any shortfall in the model will result in a lower return on the shareholder loans over the long term. The directors have therefore taken actions to ensure that operating costs are controlled going forward and for the year ended 30 June 2019 revenue exceeded the amount included for the year. This is expected to continue going forward.

Consequently, the directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

Dashwood London Holding (2016) Plc

Directors' Report
for the Year Ended 30 June 2019

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditor are unaware, and each 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 group's auditor are aware of that information.

AUDITOR

The auditor, KPMG LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
S T McKeown - Director

Date: 20 December 2019
Second Floor
11 Pilgrim Street
London
United Kingdom
EC4V 6RN

Dashwood London Holding (2016) Plc

Statement of Directors' Responsibilities
for the Year Ended 30 June 2019

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 Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements on the same basis.

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 Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent 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 Group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and a directors' report that complies with that law and those regulations.

Independent Auditor's Report to the Members of
Dashwood London Holding (2016) Plc

1. Our opinion is unmodified

We have audited the financial statements of Dashwood London Holdings (2016) Plc ("the Company") for the year ended 30 June 2019 which comprise the Consolidated Statement of Profit and Loss, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, and the related notes, including the accounting policies in note 2.

In our opinion the group financial statements:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2018):

Independent Auditor's Report to the Members of
Dashwood London Holding (2016) Plc

The impact of uncertainties due to the UK exiting the European Union on our audit	The risk	Our response
Refer to page 3 (principal risks), page and page 21 (accounting policies).	Unprecedented levels of uncertainty All audits assess and challenge the reasonableness of estimates, in particular as described in recoverability of debt due from group entities below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). 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.	Our procedures included: We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:- Our Brexit knowledge - We considered the directors' assessment of Brexit-related sources of risk for the company's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks.- Sensitivity analysis - When addressing recoverability of parent's debt due from group entities and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty.- Assessing transparency - As well as assessing individual disclosures as part of our procedures on the recoverability of parent's debt due from group entities we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. Our results: As reported under the recoverability of parent's debt due from group entities, we found the resulting estimates and related disclosures of recoverability and disclosures in relation to going concern to be acceptable. 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.

Independent Auditor's Report to the Members of
Dashwood London Holding (2016) Plc

	The risk	Our response
Recoverability of parent's debt due from group entities (£15.9m; 2018: £15.7m Refer to page 26 (accounting policy) and page 39 (financial disclosures).	Low risk, high value The carrying amount of the intra-group debtor balance represents 99.7% (2018: 99.0%) of the company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	Our procedures included: - Tests of detail: Assessed 100% of group debtors to identify, with reference to the relevant debtors' historic and future cash flows, the ability of the debtor to fund the repayment of the receivable as it falls due.
Carrying value of investment property (£42.8m; 2018: £43.7m) Refer to page 23 (accounting policy) and page 32 (financial disclosures).	The risk Low risk, high value The carrying amount of the investment property balance represents 94.3% (2018: 92.9%) of the group's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement given that the investment property is held at costs and depreciated. However, due to their materiality in the context of the group financial statements, this is considered to be the area that had the greatest effect on our overall group audit.	Our response Our procedures included: -Tests of detail: Assessed whether there are any indicators of impairment which includes assessing the investment property balance against historic and its forecast future cash flows to consider, the ability of the property to generate future cash flows in excess of its carrying value. - Performed a reconciliation of opening to closing carrying value and checked any significant movements. This included recalculating the depreciation charge for the year and vouching a sample of additions back to source documentation and considering whether they are appropriate to be capitalised.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £0.5m (30 June 2018: £0.5m), determined with reference to a benchmark of total assets of £45.4m (30 June 2018: £47.0m) (of which it represents 1% (30 June 2018: 1%).

We consider total assets to be the most appropriate benchmark given due to the significant value attributed to the student accommodation held by the business.

We agreed to report to the directors any corrected or uncorrected identified misstatements exceeding £23,500 (30 June 2018: £23,500), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Materiality for the parent company financial statements as a whole was set at £158,000 (30 June 2018: £160,000), determined with reference to a benchmark of company total assets of £15.9m (30 June 2018: £15.9m), of which it represents 1% (30 June 2018: 1%).

We agreed to report to the directors any corrected or uncorrected identified misstatements exceeding £7,400 (30 June 2018: £7,400) at a parent company level, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Independent Auditor's Report to the Members of
Dashwood London Holding (2016) Plc

Of the group's 10 (2018: 10) reporting components, we subjected 5 (2018: 5) to full scope audits for group purposes. The components within scope of our work accounted for 100% (2018: 100%) of total group revenue, 100% (2018: 100%) of group profit before tax and 100% (2018: 100%) of total group assets.

4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group'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 their 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").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report.

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 group or the company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

Long term profitability of European Property (Walworth Road) Lettings LP and European Property (Walworth Road) Property LP and therefore the ability of the group and parent company to repay their debt.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit.

Based on this work, 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.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. 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.

Strategic report and directors' report

Based solely on our work on the other information:

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

6 We have nothing to report on the other 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 7, the Directors are responsible for: the preparation of the financial statements including 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 Group'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 Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 other irregularities (see below), 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, other irregularities 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.

8 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
1 St Peter's Square
Manchester
M2 3AE

Date: 20 December 2019

Dashwood London Holding (2016) Plc

Consolidated Statement of Profit or Loss
for the Year Ended 30 June 2019

	Notes	2019 £'000	2018 £'000
CONTINUING OPERATIONS			
Revenue	3	3,303	3,089
Administrative expenses		<u>(1,809)</u>	<u>(1,644)</u>
OPERATING PROFIT		1,494	1,445
Finance costs	5	<u>(2,710)</u>	<u>(3,296)</u>
LOSS BEFORE INCOME TAX	6	<u>(1,216)</u>	<u>(1,851)</u>
Income tax	7	—	—
LOSS FOR THE YEAR		<u>(1,216)</u>	<u>(1,851)</u>
Loss attributable to: Owners of the parent		<u>(1,216)</u>	<u>(1,851)</u>

The notes on pages 20 to 41 form part of these financial statements

Dashwood London Holding (2016) Plc

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 30 June 2019

	2019 £'000	2018 £'000
LOSS FOR THE YEAR	(1,216)	(1,851)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(1,216)</u>	<u>(1,851)</u>
Total comprehensive income attributable to: Owners of the parent	<u>(1,216)</u>	<u>(1,851)</u>

The notes on pages 20 to 41 form part of these financial statements

Consolidated Statement of Financial Position
30 June 2019

	Notes	2019 £'000	2018 £'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	88	43
Investment property	10	42,800	43,708
Investments	11	<u>-</u>	<u>-</u>
		<u>42,888</u>	<u>43,751</u>
CURRENT ASSETS			
Trade and other receivables	12	243	254
Cash and cash equivalents	13	<u>2,251</u>	<u>3,037</u>
		<u>2,494</u>	<u>3,291</u>
TOTAL ASSETS		<u>45,382</u>	<u>47,042</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	14	50	50
Retained earnings	15	<u>(5,273)</u>	<u>(4,057)</u>
TOTAL EQUITY		<u>(5,223)</u>	<u>(4,007)</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	16	5,741	5,741
Financial liabilities - borrowings			
Interest bearing loans and borrowings	17	<u>33,296</u>	<u>33,191</u>
		<u>39,037</u>	<u>38,932</u>
CURRENT LIABILITIES			
Trade and other payables	16	10,485	11,309
Financial liabilities - borrowings			
Interest bearing loans and borrowings	17	<u>1,083</u>	<u>808</u>
		<u>11,568</u>	<u>12,117</u>
TOTAL LIABILITIES		<u>50,605</u>	<u>51,049</u>
TOTAL EQUITY AND LIABILITIES		<u>45,382</u>	<u>47,042</u>

The financial statements were approved by the Board of Directors on 20 December 2019 and were signed on its behalf by:



.....
S T McKeown - Director

Company Statement of Financial Position
30 June 2019

	Notes	2019 £'000	2018 £'000
ASSETS			
NON-CURRENT ASSETS			
Investments	11	50	50
Trade and other receivables	12	<u>15,873</u>	<u>15,695</u>
		<u>15,923</u>	<u>15,745</u>
CURRENT ASSETS			
Trade and other receivables	12	<u>25</u>	<u>112</u>
TOTAL ASSETS		<u><u>15,948</u></u>	<u><u>15,857</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	14	50	50
Retained earnings	15	<u>110</u>	<u>(33)</u>
TOTAL EQUITY		<u>160</u>	<u>17</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	16	<u>5,741</u>	<u>5,741</u>
CURRENT LIABILITIES			
Trade and other payables	16	<u>10,047</u>	<u>10,099</u>
TOTAL LIABILITIES		<u>15,788</u>	<u>15,840</u>
TOTAL EQUITY AND LIABILITIES		<u><u>15,948</u></u>	<u><u>15,857</u></u>

The financial statements were approved by the Board of Directors on 20 December 2019 and were signed on its behalf by:



.....
Director

Dashwood London Holding (2016) Plc

Consolidated Statement of Changes in Equity
for the Year Ended 30 June 2019

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2017	50	(2,206)	(2,156)
Changes in equity			
Total comprehensive income	<u>-</u>	<u>(1,851)</u>	<u>(1,851)</u>
Balance at 30 June 2018	<u>50</u>	<u>(4,057)</u>	<u>(4,007)</u>
Changes in equity			
Total comprehensive income	<u>-</u>	<u>(1,216)</u>	<u>(1,216)</u>
Balance at 30 June 2019	<u><u>50</u></u>	<u><u>(5,273)</u></u>	<u><u>(5,223)</u></u>

The notes on pages 20 to 41 form part of these financial statements

Dashwood London Holding (2016) Plc

Company Statement of Changes in Equity
for the Year Ended 30 June 2019

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2017	50	(9)	41
Changes in equity			
Total comprehensive income	<u>-</u>	<u>(24)</u>	<u>(24)</u>
Balance at 30 June 2018	<u>50</u>	<u>(33)</u>	<u>17</u>
Changes in equity			
Total comprehensive income	<u>-</u>	<u>143</u>	<u>143</u>
Balance at 30 June 2019	<u><u>50</u></u>	<u><u>110</u></u>	<u><u>160</u></u>

The notes on pages 20 to 41 form part of these financial statements

Dashwood London Holding (2016) Plc

Consolidated Statement of Cash Flows
for the Year Ended 30 June 2019

	2019 £'000	2018 £'000
Cash flows from operating activities		
Cash generated from operations 25	1,828	1,868
Interest paid	<u>(292)</u>	<u>(508)</u>
Net cash from operating activities	<u>1,536</u>	<u>1,360</u>
 Cash flows from investing activities		
Purchase of tangible fixed assets	<u>(82)</u>	<u>(52)</u>
Net cash from investing activities	<u>(82)</u>	<u>(52)</u>
 Cash flows from financing activities		
Decrease in external loans	(521)	(872)
(Decrease)/Increase in related party borrowings	<u>(1,719)</u>	<u>94</u>
Net cash from financing activities	<u>(2,240)</u>	<u>(778)</u>
 (Decrease)/increase in cash and cash equivalents	 <u>(786)</u>	 <u>530</u>
Cash and cash equivalents at beginning of year 13	 <u>3,037</u>	 <u>2,506</u>
 Cash and cash equivalents at end of year 13	 <u><u>2,251</u></u>	 <u><u>3,037</u></u>

The notes on pages 20 to 41 form part of these financial statements

1. **STATUTORY INFORMATION**

Dashwood London Holding (2016) Plc is a private company, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Company cash flow statement:

No company cash flow statement has been prepared as the company does not hold any cash.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described above, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

There are currently no critical accounting judgements or key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements.

2. **ACCOUNTING POLICIES - continued**

New standards, amendments to standards or interpretations

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

Standard or interpretation	Content	Applicable for financial years beginning on or after
IFRS 16	Leases	1 July 2019
IFRIC 23	Uncertainty over income tax treatments	1 July 2019

The financial impact of IFRS 16 is expected to be £nil.

Going concern

Notwithstanding the consolidated group loss for the year of £1.2m (30 June 2018: £1.9m) and consolidated net current liabilities of £9.1m (30 June 2018: £8.8m) as at 30 June 2019 and the net current liabilities of the company of £10.0m (30 June 2018: £10.0m) the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 30 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its external liabilities as they fall due for that period.

Those forecasts are dependent on related parties, CLV (Dashwood London) UK Ltd, A1 Student Accommodation Project Finance Limited and Arlington Student Holdings (No. 5) Ltd not seeking repayment of the amounts currently due from the group, which at 30 June 2019 amounted to £1.6m, £7.7m and £6.5m respectively. CLV (Dashwood London) UK Ltd, A1 Student Accommodation Project Finance Limited and Arlington Student Holdings (No. 5) Ltd have indicated that they do not intend to seek repayment of these amounts for a period of at least twelve months from the period of approval of these financial statement. 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.

The loans from these related parties have been provided to the group in order to fund the provision of student accommodation over the long term. Whilst the Group is loss making and is a net liability position this was always forecast to occur in early years. Whilst the related party payables are repayable on demand the long term cash flows model schedules the loans to be repaid by the Group in 2063, on the basis that the loans were a long-term investment of the related party lenders.

To date, the group's actual revenue achieved is slightly behind amounts expected in this model. In addition the Group has also fallen behind this model in relation to operating costs. Any shortfall in the model will result in a lower return on the shareholder loans over the long term. The directors have therefore taken actions to ensure that operating costs are controlled going forward and for the year ended 30 June 2019 revenue exceeded the amount included for the year. This is expected to continue going forward.

Consequently, the directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

2. **ACCOUNTING POLICIES - continued**

Changes in accounting policies

IFRS 15 'Revenue from Contracts with Customers':

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

The standard introduces a new revenue recognition model that recognised revenue either at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It has been determined that no changes are required to our current revenue recognition methods as these are still within material adherence of IFRS 15 and therefore there have been no measurement or recognition adjustments made to the current or prior period financial statements.

IFRS 9 'Financial Instruments':

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The main financial statement caption effected is receivables. As a result of the adoption of IFRS 9, the new single expected credit loss impairment model is now applied in calculating the provision for credit losses. Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial assets or financial liabilities and therefore there have been no measurement or recognition adjustments made to the current or prior period financial statements.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. All such revenue arising from the provision of student accommodation letting is recognised on a straight line over the term of the agreement, net of discounts and value added tax.

The company has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated.

Interest expense

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

Investments in subsidiaries

In the parent company balance sheet, investments in subsidiaries are shown at cost less provision of impairment.

2. **ACCOUNTING POLICIES - continued**

Investment property

Investment Property is treated in line with IAS 40.

IAS 40 allows two methods of measurement for Investment Property (para 30) following initial recognition at cost - the fair value model or the cost model.

Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 22-50 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

Other tangible assets

Tangible fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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	5 years
Security	3 years
Electrical and lighting	3 years
IT and communications	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2. **ACCOUNTING POLICIES - continued**

Financial instruments
(policy applicable from 30th June 2018)

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investments in joint ventures are carried at cost less impairment.

2. **ACCOUNTING POLICIES - continued**

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

2. **ACCOUNTING POLICIES - continued**

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk. Measurement of ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Financial instruments (policy applicable prior to 30th June 2018)

(i) Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

2. **ACCOUNTING POLICIES - continued**

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

(ii) **Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

(iii) **Impairment**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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 conditions attached to the secured rate notes which require the Company to hold the equivalent of two interest payments in cash to protect against default.

2. ACCOUNTING POLICIES - continued

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the balance sheet 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.

Related parties

For the purposes of these financial statements, a party is considered to be related to the company if the party:

(i) has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;

(ii) and the company are subject to common control;

(iv) is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. REVENUE - GROUP

	2019	2018
	£'000	£'000
Student accommodation related	3,141	2,938
Summer stay accommodation related	162	151
	3,303	3,089

All accommodation related turnover is UK based.

The company has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2019

4. EMPLOYEES AND DIRECTORS

Both the company and the group had no employees (30 June 2018: nil) in the current period, other than the directors.

The directors of the company received no remuneration for their services to the company in the current period. As the directors' services to the company are insignificant any allocation of remuneration borne by the parent company would not be material and therefore no amount has been attributed in the current period.

5. NET FINANCE COSTS - GROUP

	2019 £'000	2018 £'000
Finance costs:		
Bank loan interest	473	472
Indexation	641	1,221
Subordinated debt interest expense	1,536	1,567
Bank interest and other charges	60	36
	2,710	3,296

Indexation charge on loan notes is measured using effective interest method. The indexation charge for the year includes a recalculation to account for the impact of RPI up to 30 June 2019.

6. LOSS BEFORE INCOME TAX - GROUP

Loss before income tax is stated after charging the following:

	2019 £'000	2018 £'000
Included in administrative expenses:		
Fees payable to the company's auditor for the audit of the company's consolidated financial statements	21	20
Fees payable to the company's auditor for the audit of the subsidiary financial statements	56	36
Depreciation	943	915
Loan amortisation	24	24

Fees payable to KPMG LLP and its associates for non-audit services to the company during the period were £20,826 (30 June 2018: £20,025). This fee was borne by European Property (Walworth Road) Lettings LP.

7. INCOME TAX - GROUP

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 30 June 2019 nor for the year ended 30 June 2018.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2019

7. INCOME TAX - GROUP - continued

	2019 £'000	2018 £'000
Loss on ordinary activities before taxation	(1,216)	(1,851)
Tax at the UK tax rate of 19% (30 June 2018: 19%)	(231)	(352)
Effects of:		
Expenses not deductible for tax purposes	157	303
Losses not recognised	74	49
Total taxation charge	-	-

Corporation tax is computed at the main rate of 19% (30 June 2018 19%).

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.

The Group has tax losses carried forward of £1,401k (30 June 2018: £749k) that have not been recognised as a deferred tax asset as there is insufficient evidence that there will be future profits against which this timing difference will reverse. The unrecognised asset equates to £127k (30 June 2018: £127k) at a tax rate of 17%.

8. PROFIT OF PARENT COMPANY

As permitted by the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £143k (30 June 2018: loss of £24k).

Dashwood London Holding (2016) Plc

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2019

9. **PROPERTY, PLANT AND EQUIPMENT - GROUP**

	Fixtures and fittings £'000
COST	
At 1 July 2018	50
Additions	80
	80
At 30 June 2019	130
DEPRECIATION	
At 1 July 2018	7
Charge for the year	35
	35
At 30 June 2019	42
NET BOOK VALUE	
At 30 June 2019	88
At 30 June 2018	43
	Fixtures and fittings £'000
COST	
At 1 July 2017	-
Additions	50
	50
At 30 June 2018	50
DEPRECIATION	
At 1 July 2017	-
Charge for the year	7
	7
At 30 June 2018	7
NET BOOK VALUE	
At 30 June 2018	43
At 30 June 2017	-

The Company does not hold any tangible fixed assets (30 June 2018: £nil).

Dashwood London Holding (2016) Plc

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2019

10. **INVESTMENT PROPERTY - GROUP**

	Totals £'000
COST	
At 1 July 2018	45,402
Additions	<u>-</u>
At 30 June 2019	<u>45,402</u>
DEPRECIATION	
At 1 July 2018	1,694
Charge for the year	<u>908</u>
At 30 June 2019	<u>2,602</u>
NET BOOK VALUE	
At 30 June 2019	<u><u>42,800</u></u>
At 30 June 2018	<u><u>43,708</u></u>
	Totals £'000
COST	
At 1 July 2017	45,400
Additions	<u>2</u>
At 30 June 2018	<u>45,402</u>
DEPRECIATION	
At 1 July 2017	786
Charge for the year	<u>908</u>
At 30 June 2018	<u>1,694</u>
NET BOOK VALUE	
At 30 June 2018	<u><u>43,708</u></u>
At 30 June 2017	<u><u>44,614</u></u>

Management deem the fair value of the investment property to be £50,086,000.

The Company does not hold any investment property (30 June 2018: £nil).

Dashwood London Holding (2016) Plc

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2019

11. **INVESTMENTS**

	2019 £'000	2018 £'000
Investments held by the company:		
Cost and net book value	50	50
At 1 July 2018 and 30 June 2019	50	50

The parent company has investments in the ordinary share capital of following subsidiary undertakings:

Entity	Country of Holding	incorporation	Registered address
Dashwood London Limited (direct)	100%	England	Second Floor, 11 Pilgrim Street, London, United Kingdom, EC4V 6RN
Dashwood Bond Issuer Plc (direct)	100%	England	Second Floor, 11 Pilgrim Street, London, United Kingdom, EC4V 6RN
European Property (Walworth Road) Property GP1 Limited (indirect)	100%	England	Second Floor, 11 Pilgrim Street, London, United Kingdom, EC4V 6RN
European Property (Walworth Road) Property GP2 Limited (indirect)	100%	England	Second Floor, 11 Pilgrim Street, London, United Kingdom, EC4V 6RN
European Property (Walworth Road) Property LP (indirect)	100%	England	Second Floor, 11 Pilgrim Street, London, United Kingdom, EC4V 6RN
European Property (Walworth Road) Lettings GP1 Limited (indirect)	100%	England	Second Floor, 11 Pilgrim Street, London, United Kingdom, EC4V 6RN
European Property (Walworth Road) Lettings GP2 Limited (indirect)	100%	England	Second Floor, 11 Pilgrim Street, London, United Kingdom, EC4V 6RN
European Property (Walworth Road) Lettings LP (indirect)	100%	England	Second Floor, 11 Pilgrim Street, London, United Kingdom, EC4V 6RN

The principal activity of Dashwood London Limited is a holding company.

The principal activity of Dashwood Bond Issuer Plc is the management of debt securities listed on the Irish Stock Exchange.

The principal activity of each of Property GP1, Property GP2, Lettings GP1 and Lettings GP2 are as general partners to the Property LP and Lettings LP.

The principal activity of each of Property LP and Lettings LP is the holding and provision of student accommodation.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2019

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<i>Current:</i>				
Trade debtors	116	209	-	-
Amounts owed by group undertakings	-	-	-	87
Other debtors	102	19	-	-
Called up share capital not paid	25	25	25	25
Prepayments and accrued income	-	1	-	-
	<u>243</u>	<u>254</u>	<u>25</u>	<u>112</u>
<i>Non-current:</i>				
Amounts owed by group undertakings	-	-	15,873	15,695
	<u>-</u>	<u>-</u>	<u>15,873</u>	<u>15,695</u>
Aggregate amounts	<u>243</u>	<u>254</u>	<u>15,898</u>	<u>15,807</u>

13. CASH AND CASH EQUIVALENTS

	Group	
	2019 £'000	2018 £'000
Cash at bank	1,010	1,312
Restricted cash	<u>1,241</u>	<u>1,725</u>
	<u>2,251</u>	<u>3,037</u>

Conditions attached to the secured rate notes require the company to hold the equivalent of two interest payments in cash to protect against default and to hold a sinking fund to maintain the assets. As this cash cannot be used for the wider purposes of the company it is classified as restricted cash in the balance sheet. At 30 June 2019 the balance was £1,241k (30 June 2018: £1,725k).

The company holds no cash (30 June 2018: £nil).

14. CALLED UP SHARE CAPITAL

Authorised		2019	2018
	Number	£'000	£'000
50,000 Ordinary shares issued of £1 each	50,000	<u>50</u>	<u>50</u>
Allocated, called up and fully paid		2019	2018
	Number	£'000	£'000
Ordinary shares of £1 each	25,000	<u>25</u>	<u>25</u>

All issued share capital is classified as equity. £25k (30 June 2018: £25k) issued share capital was unpaid as at the balance sheet date.

Dashwood London Holding (2016) Plc

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2019

15. **RESERVES**

Group

	Retained earnings £'000
At 1 July 2018	(4,057)
Loss for the year	<u>(1,216)</u>
At 30 June 2019	<u>(5,273)</u>

Company

	Retained earnings £'000
At 1 July 2018	(33)
Profit for the year	<u>143</u>
At 30 June 2019	<u>110</u>

16. **TRADE AND OTHER PAYABLES**

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<i>Current:</i>				
Trade creditors	155	66	1	26
Amounts owed to group undertakings	9,754	9,972	9,989	10,073
Other creditors	99	805	-	-
Amounts payable to related parties	-	-	57	-
Accruals and deferred income	339	360	-	-
Accrued expenses	<u>138</u>	<u>106</u>	<u>-</u>	<u>-</u>
	<u>10,485</u>	<u>11,309</u>	<u>10,047</u>	<u>10,099</u>
<i>Non-current:</i>				
Subordinated loan notes	<u>5,741</u>	<u>5,741</u>	<u>5,741</u>	<u>5,741</u>
	<u>5,741</u>	<u>5,741</u>	<u>5,741</u>	<u>5,741</u>
Aggregate amounts	<u>16,226</u>	<u>17,050</u>	<u>15,788</u>	<u>15,840</u>

Some elements of the subordinated debt have been classified as less than one year but are not due until 2058. This was due to the loan agreement deeming they were repayable on demand.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2019

17. **FINANCIAL LIABILITIES - BORROWINGS**

Group	2019	2018
	£'000	£'000
<i>Current:</i>		
£24,200,000 Secured Indexed Rate Amortising Notes due 2058	1,070	795
£9,600,000 Secured Fixed Rate Amortising Notes due 2058	13	13
£14,081,036 Subordinated Debt loan agreement due 2058	<u>9,754</u>	<u>9,972</u>
Payable within one year	<u>10,837</u>	<u>10,780</u>
<i>Non-current:</i>		
£24,200,000 Secured Indexed Rate Amortising Notes due 2058	24,624	24,724
£9,600,000 Secured Fixed Rate Amortising Notes due 2058	9,750	9,569
£14,081,036 Subordinated Debt loan agreement due 2058	5,741	5,741
Loan costs	<u>(1,078)</u>	<u>(1,102)</u>
Payable in greater than one year	<u>39,037</u>	<u>38,932</u>
Company		
	2019	2018
	£'000	£'000
<i>Current:</i>		
£14,081,036 Subordinated Debt loan agreement due 2058	9,989	9,972
<i>Non-current:</i>		
£14,081,036 Subordinated Debt loan agreement due 2058	<u>5,741</u>	<u>5,741</u>
	<u>15,730</u>	<u>15,713</u>

Interest is charged on the Indexed Rate Notes at 0.439% per annum plus RPI and on the Fixed Rate Notes at 3.775% per annum. The value of the Indexed Rate Notes includes indexation of £2,760,000 (30 June 2018: £2,119,000) in accordance with the provisions of the prospectus dated 3 October 2016.

The amortising notes are secured on certain assets of the company, including its investment in subsidiary undertakings and receivables.

Some elements of the subordinated debt have been classified as less than one year but are not due until 2058. This was due to the loan agreement deeming they were repayable on demand.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2019

17. **FINANCIAL LIABILITIES – BORROWINGS - continued**

	2019 £'000	2018 £'000
Loans and other borrowings - changes in liabilities from financing activities:		
Balance at 1 July	50,813	48,897
Repayment of borrowings	(2,021)	(872)
Total changes from financing cash flows	(2,021)	(872)
Other changes:		
Interest charged	473	472
Interest paid	(237)	(472)
Subordinated debt interest capitalised	1,283	1,567
Indexation	641	1,221
Total other changes	2,160	2,788
Balance at 30 June	50,952	50,813

18. **FINANCIAL INSTRUMENTS**

Fair values

	Carrying amount 2019 £'000	Fair value 2019 £'000	Carrying amount 2018 £'000	Fair value 2018 £'000
Group				
IFRS 9 categories of financial instruments				
Financial assets designated as fair value				
Held to maturity financial assets:				
Trade and other receivables	243	243	254	254
Financial liabilities measured at fair value				
Secured rate loans	35,457	35,457	35,101	35,101
Related party borrowings	15,495	15,495	15,713	15,713
Financial liabilities measured at amortised cost				
Trade and other payables	731	731	1,337	1,337

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2019

18. **FINANCIAL INSTRUMENTS - continued**

Company	2019	2019	2018	2018
	£'000	£'000	£'000	£'000
IFRS 9 categories of financial instruments				
Financial assets designated as fair value				
Held to maturity financial assets:				
Trade and other receivables	25	25	112	112
Related party receivables	15,873	15,873	15,695	15,695
Financial liabilities measured at fair value				
Trade and other payables	-	-	26	26
Financial liabilities measured at amortised cost				
Related party payables	58	58	119	119
Related party borrowings	15,730	15,730	15,713	15,713

The fair value of non-derivative financial assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

19. **GROUP AND COMPANY CONTINGENT LIABILITIES**

Management have not identified any contingent liabilities at 30 June 2019 (30 June 2018: £nil).

20. **GROUP AND COMPANY CAPITAL COMMITMENTS**

There are no capital commitments at 30 June 2019 (30 June 2018: £nil).

21. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Dashwood Holdings (2016) Plc's activities expose it to a variety of financial risks, which include credit risk, cash flow interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance.

Credit risk

Credit risk arises from cash and cash equivalents, deposits with major banks and financial institutions as well as credit exposure to students and universities, including outstanding receivables and committed transactions. Credit granted to customers is monitored regularly and past due receivables are followed up with customers. Student deposits are used as security and applied against outstanding amounts. Only banks and financial institutions with high credit ratings are used to deposit funds.

The financial assets of the company are neither past due nor impaired.

Interest rate risk - Group

An element of the debt is index-linked so interest rates are exposed to changes in economic conditions and RPI. Management monitor this risk closely.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2019

21. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued**

Liquidity risk - Group

Cash flow forecasts are utilised to manage liquidity risk. Capital expenditure is funded through borrowings and cash calls from investors. Repayments of borrowings are funded through cash generated from operations, refinancing and cash calls from investors where required. RPI accrues each year and is payable at the end. RPI is accrued each year and is payable at the end. The forecasted payments of interest and principal for the company's contractual liabilities are:

	2019 Principal £'000	2019 Interest £'000	2019 Total £'000
Payments within one year	10,836	471	11,307
Payments within two to five years	2,448	1,864	4,312
Payments after five years	37,668	13,601	51,269
	50,952	15,936	66,888

	2018 Principal £'000	2018 Interest £'000	2018 Total £'000
Payments within one year	10,780	471	11,251
Payments within two to five years	2,422	1,874	4,296
Payments after five years	37,612	14,061	51,673
	50,814	16,406	67,220

Capital management

	2019 £'000	2018 £'000
Interest bearing loans and borrowings	50,952	49,712
Less: Cash and short term deposits	(2,251)	(3,037)
Net debt	48,701	46,675
Total issued capital	(50)	(50)
Capital and net debt	48,651	46,625

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2019

22. **RELATED PARTY BORROWINGS**

	2019 £'000	2018 £'000
Current:		
Subordinated debt due to Arlington Student Holdings (No.5) Limited	6,449	6,417
Subordinated debt due to Campus Living Villages (Dashwood London) UK Limited	1,573	1,565
Subordinated debt due to A1 Student Accommodation Project Finance Limited	1,732	1,990
Non-current:		
Subordinated debt A1 Student Accommodation Project Finance Limited	5,741	5,741
	15,495	15,713

Interest is charged at 10.8% per annum accruing from day to day on the Principal Outstanding. Interest is payable in accordance with the Subordinated Debt Loan Agreement on each interest payment and in accordance with the Operating Account Priority of payments and solely to the extent that the funds are available for such amounts of interest to be payable.

23. **RELATED PARTY DISCLOSURES**

The following companies are related parties of Dashwood London Holding (2016) Plc through direct ownership:

- Dashwood London Limited
- Dashwood Bond Issuer Plc

The following entities are related parties of Dashwood London Holding (2016) Plc through indirect ownership:

- European Property (Walworth Road) Property GP1 Limited
- European Property (Walworth Road) Property GP2 Limited
- European Property (Walworth Road) Lettings GP1 Limited
- European Property (Walworth Road) Lettings GP2 Limited
- European Property (Walworth Road) Property Limited Partnership
- European Property (Walworth Road) Lettings Limited Partnership

The following entity is a related party through direct ownership of 1% of the units and indirect ownership of 99% of the units:

- European Property (Walworth Road) Unit Trust

The following entities are related by virtue of their shareholdings in Dashwood London Holding (2016) Plc:

- Campus Living Villages (Dashwood London) UK Ltd
- Arlington Student Holdings (No.5) Limited

The following entity is related through sharing the same directors as the ultimate controlling party, Arlington Student Holdings (No.5) Limited:

- A1 Student Accommodation Project Finance Limited

Dashwood London Holding (2016) Plc

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2019

23. **RELATED PARTY DISCLOSURES - GROUP AND COMPANY- continued**

The transactions during the year with related parties and balances outstanding at the year end are as follows:

30 June 2019

	Loans due to / (from) £'000	Interest accrued £'000	Repayments £'000
Dashwood London Limited	14,195	1,678	(1,500)
Campus Living Villages (Dashwood London) UK Ltd	(1,496)	(77)	150
A1 Student Accommodation Project Finance Limited	(6,999)	(710)	735
Arlington Student Holdings (No.5) Limited	(5,856)	(594)	615

30 June 2018

	Loans due to / (from) £'000	Interest accrued £'000	Repayments £'000
Dashwood London Limited	14,132	1,563	(626)
Campus Living Villages (Dashwood London) UK Ltd	(1,400)	(173)	(63)
A1 Student Accommodation Project Finance Limited	(6,862)	(846)	(307)
Arlington Student Holdings (No.5) Limited	(5,741)	(708)	(257)

24. **ULTIMATE CONTROLLING PARTY**

Dashwood London Holding (2016) Plc is a 90/10 joint venture between Arlington Student Holdings (No.5) Limited ("ASH5") and Campus Living Villages (Dashwood London) UK Limited ("CLV Dashwood").

The ultimate controlling party is Arlington Student Holdings (No.5) Limited, which is incorporated in Jersey. It's registered address is 11 Bath Street, St Helier, Jersey, JE2 4ST. The largest and smallest group in which the results of the Company are consolidated is that headed by Dashwood Holding (2016) Plc.

No other group financial statements include the results of the Company.

25. **RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	2019 £'000	2018 £'000
Loss before income tax	(1,216)	(1,851)
Depreciation charges	943	915
Amortisation of loan costs	24	24
Finance costs	<u>2,710</u>	<u>3,296</u>
	2,461	2,384
Decrease in trade and other receivables	11	(87)
Decrease in trade and other payables	<u>(644)</u>	<u>(429)</u>
Cash generated from operations	<u><u>1,828</u></u>	<u><u>1,868</u></u>