

**CVCP PROPERTIES PLC**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2004**



**CVCP PROPERTIES PLC**  
**REPORT AND FINANCIAL STATEMENTS**

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**CVCP PROPERTIES PLC**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 JULY 2004**

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**DIRECTORS**

Dr K J R Edwards  
Professor R Floud (resigned 8 April 2004)  
Professor I Crewe (appointed 10 February 2004)

**SECRETARY**

Mr J Tuck

**REGISTERED OFFICE**

Woburn House  
20 Tavistock Square  
London  
WC1H 9HQ

**BANKERS**

National Westminster Bank Plc  
PO Box 83  
Tavistock House  
Tavistock Square  
London  
WC1H 9XA

**SOLICITORS**

D L A  
India Buildings  
Water Street  
Liverpool  
L2 0NH

**AUDITORS**

Horwath Clark Whitehill LLP  
St Bride's House  
10 Salisbury Square  
London EC4Y 8EH

**CVCP PROPERTIES PLC**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2004**

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**DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the year ended 31 July 2004.

**ACTIVITIES**

The main objectives of the Company are general trading purposes on behalf of its shareholders, specifically for operating Woburn House, a major office and conference centre facility in Bloomsbury.

All shareholders are UK universities in membership of Universities UK. Universities UK is also a shareholder.

**REVIEW OF DEVELOPMENTS**

The leasing of the building remains the principal source of income. The majority of the tenants are higher education sector organisations. The principal tenant is Universities UK, which uses the building as its headquarters and as a conference centre. Rent reviews in respect of all tenant have been completed and resulted in the increase in the valuation of Woburn House to £9,070,000 last year.

The Company's loan (in respect of the purchase of the building and an investment property purchased during 2000) with National Westminster Bank was £69,682 at 31 July 2004 (2003 - £196,618).

There are net current liabilities of £755,042, which arise from the deed of covenant payable to Universities UK of £900,000.

**RESULTS**

The directors do not propose to pay a dividend (2003 - £nil). The profit before taxation for the year was £903,298 (2003 - £796,927). The result after tax and the payment under deed of covenant to Universities UK has been transferred to the profit and loss reserve.

**FIXED ASSETS**

The Company's main fixed asset is Woburn House, purchased for £3,000,000. E A Shaw (Chartered Surveyors) revalued the building on 17 December 2003 and assessed its value at 31 July 2003 as £9,070,000. The value is considered acceptable in relation to the current carrying value in the balance sheet.

The Company also purchased an investment property in Russell Square during the year 2000. The value of this property is £355,000.

**DIRECTORS AND THEIR INTERESTS**

The current directors are set out on page 1. The directors received no remuneration. None of the directors had a beneficial interest in any contract with the Company or any interests in its shares.

**CVCP PROPERTIES PLC**  
**REPORT AND FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2004**

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**AUDITORS**

Following the transfer of substantially all of the business of Horwath Clark Whitehill to a limited liability partnership on 1 April 2004, Horwath Clark Whitehill resigned and the directors appointed their successor, Horwath Clark Whitehill LLP, as auditors.

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

**POLICY ON PAYMENT OF CREDITORS**

The Company operates two policies in respect of payment of creditors. With regard to lease and leaseback agreements, payment to universities in respect of rent is made on receipt of payment by the university of rent due to CVCP Properties plc. Payment to other creditors is made within 30 days. At the year-end the number of creditor days was 15 days (2003 – 10 days).

Approved by the Board of Directors on *29 October 2004*  
and signed on behalf of the board

*I. M. Crane*  
Director

**CVCP PROPERTIES PLC**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 AUDITORS' REPORT TO THE SHAREHOLDERS OF CVCP PROPERTIES PLC**

We have audited the financial statements of CVCP Properties plc for the year ended 31 July 2004 set out on pages 6 to 15. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

## **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Unqualified opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Horwath Clark Whitehill LLP*

**HORWATH CLARK WHITEHILL LLP**  
Chartered Accountants and  
Registered Auditors

25/07/04

**CVCP PROPERTIES PLC**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 JULY 2004**

	Note	2004 £	2003 £
<b>TURNOVER</b>	2	<b>4,195,664</b>	<b>4,087,307</b>
Administrative expenses		(92,699)	(82,996)
Other operating expenses		<u>(3,205,335)</u>	<u>(3,201,174)</u>
<b>OPERATING PROFIT</b>	3	<b>897,630</b>	<b>803,137</b>
Interest receivable		14,776	10,284
Interest payable in respect of bank loans and overdrafts		<u>(9,108)</u>	<u>(16,494)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>903,298</b>	<b>796,927</b>
Tax on profit on ordinary activities	5	1,768	(19,000)
Payment under Deed of Covenant		<u>(900,000)</u>	<u>(687,000)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>5,066</b>	<b>90,927</b>
Retained profit brought forward		<u>351,638</u>	<u>260,711</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u><b>356,704</b></u>	<u><b>351,638</b></u>

All activities are continuing.

The notes on pages 11 to 15 form part of these financial statements



**CVCP PROPERTIES PLC**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 JULY 2004**

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	2004 £	2003 £
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>5,066</b>	<b>90,927</b>
Unrealised surplus on revaluation of properties	<u>-</u>	<u>3,470,000</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u><b>5,066</b></u>	<u><b>3,560,927</b></u>

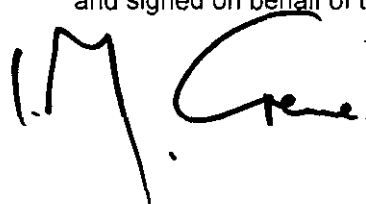
The notes on pages 11 to 15 form part of these financial statements

**CVCP PROPERTIES PLC**  
**BALANCE SHEET**  
**AS AT 31 JULY 2004**

	Notes	2004 £	2003 £
<b>FIXED ASSETS</b>			
Tangible assets	7	32,944	18,181
Investments	6	<u>9,425,000</u>	<u>9,425,000</u>
		<u>9,457,944</u>	<u>9,443,181</u>
<b>CURRENT ASSETS</b>			
Debtors	8	503,648	754,671
Cash at bank and in hand		<u>434,837</u>	<u>96,005</u>
		938,485	850,676
<b>CREDITORS: Amounts falling due within one year</b>	9	<u>(1,693,527)</u>	<u>(1,535,448)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(755,042)</u>	<u>(684,772)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,702,902	8,758,409
<b>CREDITORS: Amounts falling due after more than one year</b>	10	-	<u>(60,573)</u>
<b>TOTAL NET ASSETS</b>		<u>8,702,902</u>	<u>8,697,836</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	4,800,000	4,800,000
Revaluation reserve		3,546,198	3,546,198
Profit and loss account		<u>356,704</u>	<u>351,638</u>
<b>SHAREHOLDERS' FUNDS</b>	11	<u>8,702,902</u>	<u>8,697,836</u>
<b>ATTRIBUTABLE TO EQUITY SHAREHOLDERS</b>		8,152,902	8,147,836
<b>ATTRIBUTABLE TO NON-EQUITY SHAREHOLDERS</b>		<u>550,000</u>	<u>550,000</u>

These financial statements were approved by the Board of Directors on  
and signed on behalf of the Board

29 October 2004

 Director

The notes on pages 11 to 15 form part of these financial statements

**CVCP PROPERTIES PLC**  
**CASH FLOW STATEMENT**  
**YEAR ENDED 31 JULY 2004**

	Notes	2004 £	2003 £
Net cash inflow from operating activities	1	1,386,096	843,320
Returns on investments and servicing of finance	2	(894,332)	(693,210)
Capital expenditure	7	<u>(27,764)</u>	<u>(24,241)</u>
Net cash inflow before use of liquid resources		464,000	125,869
Taxation		<u>1,768</u>	<u>(19,000)</u>
Increase in cash		<u>465,768</u>	<u>106,869</u>

**NOTES TO THE CASH FLOW**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2004 £	2003 £
Operating profit	897,630	803,137
Depreciation charge	13,001	6,060
Decrease/(Increase) in debtors	251,023	(255,200)
Increase in creditors	<u>224,442</u>	<u>289,323</u>
<b>Net cash inflow from operating activities</b>	<b><u>1,386,096</u></b>	<b><u>843,320</u></b>

**2. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

Payment of deed of covenant	(900,000)	(687,000)
Interest received	14,776	10,284
Interest paid	<u>(9,108)</u>	<u>(16,494)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b><u>(894,332)</u></b>	<b><u>(693,210)</u></b>

The notes on pages 11 to 15 form part of these financial statements

**CVCP PROPERTIES PLC**  
**CASH FLOW STATEMENT (CONTINUED)**  
**YEAR ENDED 31 JULY 2004**

	2004 £	2003 £	
<b>3. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT</b>			
Increase in cash for period	<u>465,768</u>	<u>106,869</u>	
Change in net debt	465,768	106,869	
Net debt at 1 August 2003	<u>(100,613)</u>	<u>(207,482)</u>	
<b>Net debt at 31 July 2004</b>	<u><b>365,155</b></u>	<u><b>(100,613)</b></u>	
 <b>4. ANALYSIS OF CHANGES IN NET DEBT</b>			
	At August 2003 £	Cash Flows £	At 31 July 2004 £
Cash at bank	96,005	338,832	<b>434,837</b>
Debt due within one year	(136,045)	66,363	<b>(69,682)</b>
Debt due after one year	<u>(60,573)</u>	<u>60,573</u>	<u>-</u>
Total	<u>(100,613)</u>	465,768	<b>365,155</b>

The notes on pages 11 to 15 form part of these financial statements

**CVCP PROPERTIES PLC**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 JULY 2004**

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**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**a) Accounting Convention**

The financial statements are prepared under the historical cost convention.

**b) Income and expenditure**

All income and expenditure is accounted for on an accruals basis.

**c) Tangible Fixed Assets**

Depreciation is calculated on the straight line basis at rates sufficient to write down the assets over their expected useful lives. The rates of depreciation are as follows:

Furniture and equipment                      - over four years

CVCP Properties PLC capitalisation policy is to capitalise individual assets over £2,500.

**d) Investment Properties**

Investment properties are valued by the directors at open market value.

No depreciation is provided in respect of leasehold investment properties with over 20 years to run.

Although the Companies Act would normally require systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation is necessary in order for the accounts to give a true and fair view.

**2. TURNOVER**

The main objectives of the company are general trading purposes on behalf of its shareholders. All activities derive in the United Kingdom.

**3. OPERATING PROFIT**

	2004 £	2003 £
<b>Operating profit is after crediting/(charging):</b>		
Rents receivable in respect of operating leases	3,017,411	3,018,508
Depreciation:		
Furniture and equipment	(13,001)	(6,060)
Auditors' remuneration	<u>(5,265)</u>	<u>(3,310)</u>

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The company had no employees in either year.

**CVCP PROPERTIES PLC**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 JULY 2004**

5. TAX ON PROFIT ON ORDINARY ACTIVITIES	2004 £	2003 £
United Kingdom Corporation tax at 19%	<u>(1,768)</u>	<u>19,000</u>

**6. FIXED ASSET INVESTMENTS**

Opening balance	9,425,000	5,955,000
Revaluation surplus	<u>-</u>	<u>3,470,000</u>
	<u>9,425,000</u>	<u>9,425,000</u>

The directors obtained a professional valuation of Woburn House from E A Shaw (Chartered Surveyors) as at 31 July 2003 and this has been incorporated into the financial statements.

**7. TANGIBLE FIXED ASSETS**

	Furniture And Equipment £
Cost	
At 1 August 2003	238,229
Additions	<u>27,764</u>
At 31 July 2004	<u>265,993</u>
Depreciation	
At 1 August 2003	220,048
Charge for the year	<u>13,001</u>
At 31 July 2004	<u>233,049</u>
Net book value	
At 31 July 2004	<u>32,944</u>
At 31 July 2003	<u>18,181</u>

**8. DEBTORS**

	2004 £	2003 £
Other debtors	-	260,188
Prepayments and accrued income	<u>503,648</u>	<u>494,483</u>
	<u>503,648</u>	<u>754,671</u>

**CVCP PROPERTIES PLC**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 JULY 2004**

**9. CREDITORS: amounts falling due within one year**

	2004	2003
	£	£
Bank loans and overdraft (see note 10)	69,682	136,045
Trade creditors	13,303	29,837
Taxation and social security	22,486	38,084
Other creditors	900,000	687,000
Accruals and deferred income	688,056	644,482
	<u>1,693,527</u>	<u>1,535,448</u>

**10. CREDITORS: Amounts falling due after more than one year**

	2004	2003
	£	£
Bank loans and overdrafts falling due: Between one and two years	<u>-</u>	<u>60,573</u>

Security in the form of legal mortgage with full title guarantees over the leasehold premises and floating securities over all moveable plant, machinery, and equipment have been given over the total of the bank loans and overdrafts falling due in one year or less or on demand and after more than one year and bear interest at 2% above base rate.

**11. RECONCILIATION OF MOVEMENT OF SHAREHOLDER FUNDS**

	Share Capital £	Revaluation Reserve £	Profit & Loss Account £	Total £
At 1 August 2003	4,800,000	3,546,198	351,638	8,697,836
Result for the year	<u>-</u>	<u>-</u>	<u>5,066</u>	<u>5,066</u>
<b>At 31 July 2004</b>	<u>4,800,000</u>	<u>3,546,198</u>	<u>356,704</u>	<u>8,702,902</u>

Included within the profit and loss account is £72,213 (2003 - 56,332) comprising a sinking fund for repairs and maintenance in accordance with the service charge agreement.

**CVCP PROPERTIES PLC**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2004**

<b>12. CALLED UP SHARE CAPITAL</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Authorised		
4,450,000 ordinary shares of £1 each	<b>4,450,000</b>	4,450,000
550,000 6% non-cumulative preference shares of £1 each	<u><b>550,000</b></u>	<u>550,000</u>
	<u><b>5,000,000</b></u>	<u>5,000,000</u>
 Called up and fully paid		
4,250,000 ordinary shares of £1 each	<b>4,250,000</b>	4,250,000
550,000 6% non-cumulative preference shares of £1 each	<u><b>550,000</b></u>	<u>550,000</u>
	<u><b>4,800,000</b></u>	<u>4,800,000</u>

The 6% non-cumulative preference shares of £1 each entitle the holder to receive a preferential dividend at the rate of 6% on the paid-up capital in priority to any transfer or any rights of the holders on ordinary shares (non-cumulative). In all other respects the preference shares rank pari passu with ordinary shares: they are defined as non-equity shares under Financial Reporting Standard 4.

**13. CONTROLLING PARTIES**

All shareholders are UK universities in membership of Universities UK and Universities UK is also a shareholder. The company acts as a business vehicle for its shareholders.

The accounts include transactions and balances with related parties as follows:

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Included in turnover:</b>		
Lease/leaseback income	<b>3,017,411</b>	3,018,508
Rental and service charges	<u><b>1,159,306</b></u>	<u>1,052,956</u>
 <b>Included in expenditure</b>		
Lease/leaseback expenditure	<u><b>2,966,900</b></u>	<u>2,966,900</u>

There are no overall controlling parties.



**CVCP PROPERTIES PLC**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2004**

**14. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES**

**a) Analysis of charge in the year**

	2004 £	2003 £
Current tax on profits of the year	-	19,000
Adjustments in respect of prior years	<u>(1,768)</u>	<u>-</u>
Total Current tax (Note 14(b))	<u>(1,768)</u>	<u>19,000</u>

**b) Factors affecting the tax charge for the period**

	2004 £	2003 £
Profit for the period	<u>903,298</u>	<u>796,927</u>
Profit multiplied by the lower rate of corporation tax	171,627	151,416
Effect of - gift aid payment	(171,000)	(130,530)
- capital allowances in excess of depreciation	(2,452)	(1,886)
- creation of tax losses	1,825	-
- expenses not allowed for tax purposes	-	-
- adjustments to tax charge in respect of previous periods	<u>(1,768)</u>	<u>-</u>
Taxation charge	<u>(1,768)</u>	<u>19,000</u>

**c) Factors that may affect future tax charges**

The company will continue to covenant most of its taxable profits to Universities UK.  
There is no material deferred taxation.