

**CVCP PROPERTIES PLC**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2006**

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

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**CVCP PROPERTIES PLC**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 JULY 2006**

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|                          |   |
|--------------------------|---|
| <b>DIRECTORS</b>         | Dr K J R Edwards<br>Professor Drummond Bone (appointed 1 August 2005)                                   |
| <b>SECRETARY</b>         | Mr C Lambert  |
| <b>REGISTERED OFFICE</b> | Woburn House<br>20 Tavistock Square<br>London<br>WC1H 9HQ   |
| <b>BANKERS</b>           | National Westminster Bank Plc<br>PO Box 83<br>Tavistock House<br>Tavistock Square<br>London<br>WC1H 9XA |
| <b>SOLICITORS</b>        | D L A<br>India Buildings<br>Water Street<br>Liverpool<br>L2 0NH   |
| <b>AUDITORS</b>          | Kingston Smith LLP Chartered Accountants<br>Devonshire House<br>60 Goswell Road<br>London<br>EC1M 7AD   |

**CVCP PROPERTIES PLC**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2006**

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**DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the year ended 31 July 2006.

**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.

In what was otherwise a stable period we saw the departure of the Shoe Studio Group in January 2006 to be replaced by the Association of Commonwealth Universities. We also provided a tenancy to the UK Panel of Health and Bio Medical Research Integrity.

There are net current liabilities of £738,912, which arise from the deed of covenant payable to Universities UK of £741,912.

**RESULTS**

The directors do not propose to pay a dividend (2005 - £nil). The profit before taxation for the year was £744,506 (2005 - £822,695). 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 24 August 2005 and assessed its value at that date as £10,670,000. 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 purchase price of this property was £355,000. The valuation of the long leasehold interest held in the Flat at 24 August 2005 was £450,000.

**DIRECTORS AND THEIR INTERESTS**

The directors at year end are set out on page 1. The directors received no remuneration from the company. 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 2006**

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**AUDITORS**

The board has exercised its powers to appoint Kingston Smith LLP Chartered Accountants as auditors of the company. A resolution to reappoint them will be proposed at 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 12 days (2005 – 17 days).

Approved by the Board of Directors on  
and signed on behalf of the board

27 November 2006

*Kenneth Redwood*

Director

# **CVCP PROPERTIES PLC**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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### **DIRECTORS RESPONSIBILITIES**

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.

### **Audit information**

So far as each of the directors at the time the trustees' report is approved is aware:

- a) there is no relevant information of which the auditors are unaware; and
- b) they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

# **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 2006 which comprise the Profit and Loss Account, the Balance Sheet, cash flow statement, the statement of recognised gains and losses and the related notes. These financial statements have been prepared in accordance with 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 for no purpose other than to draw to the attention of the company's shareholders those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 other transactions is not disclosed.

We read the Directors' Report and report to you our opinion on whether it is consistent with the financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable 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, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the Directors' Report is consistent with the financial statements.

*Kingston Smith LLP*  
**KINGSTON SMITH LLP**  
Chartered Accountants and  
Registered Auditors

*23rd January, 2007*

**CVCP PROPERTIES PLC**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 JULY 2006**

|  | Note | 2006<br>£                 | 2005<br>£                 |
|--|------|---------------------------|---------------------------|
| <b>TURNOVER</b>  | 2    | <b>4,059,620</b>          | <b>4,079,315</b>          |
| Administrative expenses                                  |      | <b>(108,276)</b>          | <b>(112,382)</b>          |
| Other operating expenses                                 |      | <b><u>(3,232,203)</u></b> | <b><u>(3,170,899)</u></b> |
| <b>OPERATING PROFIT</b>                                  | 3    | <b>719,141</b>            | <b>796,034</b>            |
| Interest receivable                                      |      | <b>25,365</b>             | <b>29,009</b>             |
| Interest payable in respect of bank loans and overdrafts |      | <b>-</b>                  | <b>(2,348)</b>            |
| Payment under Deed of Covenant                           |      | <b><u>(741,942)</u></b>   | <b><u>(800,832)</u></b>   |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>     |      | <b>2,564</b>              | <b>21,863</b>             |
| Tax on profit on ordinary activities                     | 5    | <b><u>-</u></b>           | <b><u>-</u></b>           |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                     |      | <b>2,564</b>              | <b>21,863</b>             |
| Retained profit brought forward                          |      | <b><u>378,567</u></b>     | <b><u>356,704</u></b>     |
| <b>RETAINED PROFIT CARRIED FORWARD</b>                   |      | <b><u>381,131</u></b>     | <b><u>378,567</u></b>     |

All activities are continuing.

The notes on pages 10 to 14 form part of these financial statements



**CVCP PROPERTIES PLC**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 JULY 2006**

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|   | 2006<br>£               | 2005<br>£            |
|---|-------------------------|----------------------|
| <b>PROFIT FOF THE FINANCIAL YEAR</b>                          | <b>2,564</b>            | <b>21,863</b>        |
| Unrealised surplus on revaluation of properties               | <u>1,695,000</u>        | <u>-</u>             |
| <b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b> | <u><b>1,697,564</b></u> | <u><b>21,863</b></u> |

**CVCP PROPERTIES PLC**  
**BALANCE SHEET**  
**AS AT 31 JULY 2006**

|   | Notes | 2006<br>£          | 2005<br>£          |
|---|-------|--------------------|--------------------|
| <b>FIXED ASSETS</b>                                   |       |                    |                    |
| Tangible assets                                       | 7     | 41,241             | 21,976             |
| Investments   | 6     | <u>11,120,000</u>  | <u>9,425,000</u>   |
|   |       | <u>11,161,241</u>  | <u>9,446,976</u>   |
| <b>CURRENT ASSETS</b>                                 |       |                    |                    |
| Debtors   | 8     | 509,732            | 508,986            |
| Cash at bank and in hand                              |       | <u>156,678</u>     | <u>356,541</u>     |
|   |       | 666,410            | 865,527            |
| <b>CREDITORS: Amounts falling due within one year</b> | 9     | <u>(1,405,322)</u> | <u>(1,587,738)</u> |
| <b>NET CURRENT LIABILITIES</b>                        |       | <u>(738,912)</u>   | <u>(722,211)</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |       | 10,422,329         | 8,724,765          |
| <b>TOTAL NET ASSETS</b>                               |       | <u>10,422,329</u>  | <u>8,724,765</u>   |
| <b>CAPITAL AND RESERVES</b>                           |       |                    |                    |
| Called up share capital                               | 11    | 4,800,000          | 4,800,000          |
| Revaluation reserve                                   |       | 5,241,198          | 3,546,198          |
| Profit and loss account                               |       | <u>381,131</u>     | <u>378,567</u>     |
| <b>SHAREHOLDERS' FUNDS</b>                            | 10    | <u>10,422,329</u>  | <u>8,724,765</u>   |

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

*Keith Edwards* } Director  
27 November 2006

The notes on pages 10 to 14 form part of these financial statements

**CVCP PROPERTIES PLC**  
**CASH FLOW STATEMENT**  
**YEAR ENDED 31 JULY 2006**

|   | Notes | 2006<br>£        | 2005<br>£      |
|---|-------|------------------|----------------|
| Net cash inflow from operating activities         | A     | 638,608          | 854,758        |
| Returns on investments and servicing of finance   | B     | (794,127)        | (860,397)      |
| Capital expenditure                               | 7     | <u>(44,345)</u>  | <u>(2,974)</u> |
| Net cash (outflow) before use of liquid resources |       | (199,864)        | (8,613)        |
| Taxation  |       | <u>-</u>         | <u>-</u>       |
| (Decrease) in cash                                |       | <u>(199,864)</u> | <u>(8,613)</u> |

**NOTES TO THE CASH FLOW**

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

|   | 2006<br>£        | 2005<br>£      |
|---|------------------|----------------|
| Operating profit                          | 719,141          | 796,034        |
| Depreciation charge                       | 25,080           | 13,942         |
| (Increase) in debtors                     | (746)            | (5,338)        |
| (Decrease)/Increase in creditors          | <u>(104,867)</u> | <u>50,120</u>  |
| Net cash inflow from operating activities | <u>638,608</u>   | <u>854,758</u> |

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

|   |                  |                  |
|---|------------------|------------------|
| Payment of deed of covenant   | (819,492)        | (887,058)        |
| Interest received   | 25,365           | 29,009           |
| Interest paid   | <u>-</u>         | <u>(2,348)</u>   |
| Net cash outflow from returns on investments and servicing of finance | <u>(794,127)</u> | <u>(860,397)</u> |

The notes on pages 10 to 14 form part of these financial statements

**CVCP PROPERTIES PLC**  
**CASH FLOW STATEMENT (CONTINUED)**  
**YEAR ENDED 31 JULY 2006**

|   | 2006<br>£        | 2005<br>£      |
|---|------------------|----------------|
| <b>C. RECONCILIATION OF NET CASH FLOW TO<br/>MOVEMENTS IN NET FUNDS</b> |                  |                |
| (Decrease)/Increase in cash for period                                  | <u>(199,864)</u> | <u>(8,613)</u> |
| Change in net funds   | <u>(199,864)</u> | <u>(8,613)</u> |
| Net funds/(debt) at 1 August 2005                                       | <u>356,542</u>   | <u>365,155</u> |
| <b>Net funds at 31 July 2006</b>  | <u>156,678</u>   | <u>356,542</u> |

|  | <i>At<br/>August<br/>2005<br/>£</i> | Cash<br>Flows<br>£ | <i>At<br/>31 July<br/>2006<br/>£</i> |
|--|-------------------------------------|--------------------|--------------------------------------|
| <b>D. ANALYSIS OF CHANGES IN NET FUNDS</b> |                                     |                    |                                      |
| Cash at bank                               | <u>356,542</u>                      | <u>(199,864)</u>   | <u>156,678</u>                       |

The notes on pages 10 to 14 form part of these financial statements

**CVCP PROPERTIES PLC**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 JULY 2006**

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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  |
| Computer equipment      | - over three 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**

|  | 2006<br>£      | 2005<br>£      |
|--|----------------|----------------|
| <b>Operating profit is after crediting/(charging):</b> |                |                |
| Rents receivable in respect of operating leases        | 3,017,660      | 3,017,660      |
| Depreciation:  |                |                |
| Furniture and equipment                                | (25,080)       | (13,942)       |
| Auditors' remuneration                                 | <u>(4,775)</u> | <u>(5,400)</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 2006**

|   |                          |  |
|---|--------------------------|--|
| <b>5. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>  | <b>2006</b>              | <b>2005</b>                                  |
|   | <b>£</b>                 | <b>£</b>                                     |
| United Kingdom Corporation tax at 19%   | <u>-</u>                 | <u>-</u>                                     |
| <b>6. FIXED ASSET INVESTMENTS</b>   |                          |  |
| Investment Properties   | <u><b>11,120,000</b></u> | <u><b>9,425,000</b></u>                      |
| <p>The directors obtained a professional valuation of Woburn House from E A Shaw (Chartered Surveyors) as at 24 August 2005 and an increase in the valuation of £1,695,000 has been incorporated into the financial statements.</p> |                          |  |
| <b>7. TANGIBLE FIXED ASSETS</b>   |                          | <b>Furniture<br/>And<br/>Equipment<br/>£</b> |
| Cost  |                          |  |
| At 1 August 2005  |                          | 268,967                                      |
| Additions   |                          | <u>44,345</u>                                |
| At 31 July 2006   |                          | <u><b>313,312</b></u>                        |
| Depreciation  |                          |  |
| At 1 August 2005  |                          | 246,991                                      |
| Charge for the year   |                          | <u>25,080</u>                                |
| At 31 July 2006   |                          | <u><b>272,071</b></u>                        |
| Net book value  |                          |  |
| At 31 July 2006   |                          | <u><b>41,241</b></u>                         |
| At 31 July 2005   |                          | <u><b>21,976</b></u>                         |
| <b>8. DEBTORS</b>   | <b>2006</b>              | <b>2005</b>                                  |
|   | <b>£</b>                 | <b>£</b>                                     |
| Other debtors   | -                        | 895  |
| Prepayments and accrued income  | <u><b>509,732</b></u>    | <u><b>508,091</b></u>                        |
|   | <u><b>509,732</b></u>    | <u><b>508,986</b></u>                        |

**CVCP PROPERTIES PLC**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 JULY 2006**

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

|                              | 2006<br>£        | 2005<br>£        |
|------------------------------|------------------|------------------|
| Trade creditors              | 13,317           | 63,644           |
| Taxation and social security | 14,821           | 23,068           |
| Other creditors              | 736,224          | 813,774          |
| Accruals and deferred income | <u>640,960</u>   | <u>687,252</u>   |
|                              | <u>1,405,322</u> | <u>1,587,738</u> |

**10. RECONCILIATION OF MOVEMENT OF SHAREHOLDER FUNDS**

|                        | Share<br>Capital<br>£ | Investment<br>Revaluation<br>Reserve<br>£ | Profit &<br>Loss<br>Account<br>£ | Total<br>£        |
|------------------------|-----------------------|---|----------------------------------|-------------------|
| At 1 August 2005       | 4,800,000             | 3,546,198                                 | 378,567                          | 8,724,765         |
| Result for the year    | -                     | -   | 2,564                            | 2,564             |
| Revaluation            | <u>-</u>              | <u>1,695,000</u>                          | <u>-</u>                         | <u>1,695,000</u>  |
| <b>At 31 July 2006</b> | <u>4,800,000</u>      | <u>5,241,198</u>                          | <u>381,131</u>                   | <u>10,422,329</u> |

Included within the profit and loss account is £103,896 (2005 – £87,375) comprising a sinking fund for repairs and maintenance in accordance with the service charge agreement.

**11. CALLED UP SHARE CAPITAL**

|  | 2006<br>£        | 2005<br>£        |
|--|------------------|------------------|
| Authorised   |                  |                  |
| 4,450,000 ordinary shares of £1 each                   | 4,450,000        | 4,450,000        |
| 550,000 6% non-cumulative preference shares of £1 each | <u>550,000</u>   | <u>550,000</u>   |
|  | <u>5,000,000</u> | <u>5,000,000</u> |
| Called up and fully paid                               |                  |                  |
| 4,250,000 ordinary shares of £1 each                   | 4,250,000        | 4,250,000        |
| 550,000 6% non-cumulative preference shares of £1 each | <u>550,000</u>   | <u>550,000</u>   |
|  | <u>4,800,000</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 equity investments under Financial Reporting Standard 254.

**CVCP PROPERTIES PLC**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2006**

**12. CONTROLLING PARTIES**

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

The accounts include transactions with shareholders as follows:

|                                | 2006<br>£        | 2005<br>£        |
|--------------------------------|------------------|------------------|
| <b>Included in turnover:</b>   |                  |                  |
| Lease/leaseback income         | 3,017,660        | 3,017,660        |
| Rental and service charges     | <u>1,038,327</u> | <u>1,041,747</u> |
| <b>Included in expenditure</b> |                  |                  |
| Lease/leaseback expenditure    | <u>2,966,900</u> | <u>2,966,900</u> |

There are no overall controlling parties.

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

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

|                                       | 2006<br>£ | 2005<br>£ |
|---------------------------------------|-----------|-----------|
| Current tax on profits of the year    | -         | -         |
| Adjustments in respect of prior years | <u>-</u>  | <u>-</u>  |
| Total Current tax (Note 13(b))        | <u>-</u>  | <u>-</u>  |

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

|  | 2006<br>£      | 2005<br>£      |
|--|----------------|----------------|
| Profit for the period                                  | <u>744,506</u> | <u>822,695</u> |
| Profit multiplied by the lower rate of corporation tax | 141,456        | 156,312        |
| Effect of - gift aid payment                           | (140,969)      | (154,617)      |
| - capital allowances in excess of depreciation         | (487)          | (1,062)        |
| - usage of tax losses                                  | <u>-</u>       | <u>(633)</u>   |
| Taxation charge  | <u>-</u>       | <u>-</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.