

**CVCP PROPERTIES PLC**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2008**

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# CVCP PROPERTIES PLC

## REPORT AND FINANCIAL STATEMENTS

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<b>Contents</b>	<b>Page</b>
Officers and professional advisers	1
Directors' report	2
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the accounts	10

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**CVCP PROPERTIES PLC**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 JULY 2008**

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**DIRECTORS**

Dr K J R Edwards  
Professor Drummond Bone  
Professor Julian Crampton (appointed 1 August 2008)  
Professor Adrian Smith (from 9 April 2008 to 31 July 2008)  
Professor Richard Trainor

**SECRETARY**

Mr C Lambert

**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 Piper UK LLP  
India Buildings  
Water Street  
Liverpool  
L2 0NH

**AUDITORS**

Kingston Smith LLP Chartered Accountants  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

**CVCP PROPERTIES PLC**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2008**

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**DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the year ended 31 July 2008.

**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 BUSINESS**

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.

The Woburn House accommodation was fully let during the year.

Profit before tax and deed of covenant was £798,930 (2007: £676,370), of which £796,438 (2007: £674,558) is payable to Universities UK under deed of covenant.

The directors are satisfied that their main objectives are being achieved.

**LEASE / LEASEBACK SCHEME**

The establishment of a lease and lease back arrangement was made in 1997 to assist universities and HE establishments in connection with the construction of new academic buildings. A management fee accrues to the company as a result of this scheme.

**RISK**

To minimise the risk of unoccupancy and a subsequent rental void period CVCP Properties Plc markets the building as a hub for the Higher Education sector in London. Success in this approach is marked with current long term tenants including Universities UK, the Association of Commonwealth Universities, the Universities and Colleges Employer Association and GuildHE.

**RESULTS**

The directors do not propose to pay a dividend (2007 - £nil). The profit before taxation for the year was £2,492 (2007 - £1,812). The profit after tax and the payment under deed of covenant to Universities UK has been transferred to the profit and loss account.

**CVCP PROPERTIES PLC**  
**REPORT AND FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2008**

**DIRECTORS' REPORT (continued)**

**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 this property at 24 August 2005 was £450,000.

**DIRECTORS AND THEIR INTERESTS**

The directors at year end are set out on page 1. Directors' benefits in kind are disclosed in Note 3. None of the directors had a beneficial interest in any contract with the Company or any interests in its shares.

**AUDITORS**

A resolution to reappoint Kingston Smith LLP Chartered Accountants as auditors of the company 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 28 days (2007 – 15 days).

**DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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.

**CVCP PROPERTIES PLC**  
**REPORT AND FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2008**

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**DIRECTORS' RESPONSIBILITIES (continued)**

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 directors' 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.

This information is given and should be interpreted in accordance with section 234ZA of the Companies Act 1985.

Approved by the Board of Directors on 31 October 2008

and signed on behalf of the board

*Kenneth Edwors*

Director

# **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 2008 which comprise the Profit and Loss Account, the Balance Sheet, cash flow statement 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 Directors' 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 directors 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 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the Directors' Report is consistent with the financial statements.



**KINGSTON SMITH LLP**  
Chartered Accountants and  
Registered Auditors  
7 November 2008

**CVCP PROPERTIES PLC**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 JULY 2008**

	Note	2008 £	2007 £
<b>TURNOVER</b>	2	<b>3,581,016</b>	<b>4,057,854</b>
Administrative expenses		(92,273)	(101,198)
Other operating expenses		<u>(2,716,763)</u>	<u>(3,308,156)</u>
<b>OPERATING PROFIT</b>	3	<b>771,980</b>	<b>648,500</b>
Interest receivable		26,950	27,870
Payment under deed of covenant		<u>(796,438)</u>	<u>(674,558)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>2,492</b>	<b>1,812</b>
Tax on profit on ordinary activities	5	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>2,492</b>	<b>1,812</b>
Retained profit brought forward		<u>382,943</u>	<u>381,131</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u><b>385,435</b></u>	<u><b>382,943</b></u>

All income arises from continuing activities.

There are no recognised gains and losses other than those shown above.

The notes on pages 10 to 13 form part of these financial statements



**CVCP PROPERTIES PLC**  
**BALANCE SHEET**  
**AS AT 31 JULY 2008**

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	7	12,396	22,320
Investments	6	<u>11,120,000</u>	<u>11,120,000</u>
		<u>11,132,396</u>	<u>11,142,320</u>
<b>CURRENT ASSETS</b>			
Debtors	8	304,774	527,591
Cash at bank and in hand		<u>372,615</u>	<u>239,189</u>
		677,389	766,780
<b>CREDITORS: Amounts falling due within one year</b>	9	<u>(1,383,152)</u>	<u>(1,484,959)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(705,763)</u>	<u>(718,179)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,426,633</u>	<u>10,424,141</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	4,800,000	4,800,000
Revaluation reserve		5,241,198	5,241,198
Profit and loss account		<u>385,435</u>	<u>382,943</u>
<b>SHAREHOLDERS' FUNDS</b>	10	<u>10,426,633</u>	<u>10,424,141</u>

These financial statements were approved by the Board of Directors and authorised for issue on 31 October 2008.

Signed on behalf of the Board

*Kenneth Edwards* } Director

The notes on pages 10 to 13 form part of these financial statements

**CVCP PROPERTIES PLC**  
**CASH FLOW STATEMENT**  
**YEAR ENDED 31 JULY 2008**

	Notes	2008 £	2007 £
Net cash inflow from operating activities	A	783,049	798,864
Returns on investments and servicing of finance	B	(646,883)	(716,353)
Capital expenditure		<u>(2,740)</u>	<u>-</u>
Net cash inflow before use of liquid resources		133,426	82,511
Taxation		<u>-</u>	<u>-</u>
Increase in cash		<u>133,426</u>	<u>82,511</u>

**NOTES TO THE CASH FLOW**

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

	2008 £	2007 £
Operating profit	771,980	648,500
Depreciation charge	12,664	18,920
Decrease (increase) in debtors	222,092	(15,578)
(Decrease) increase in creditors	<u>(223,687)</u>	<u>147,022</u>
Net cash inflow from operating activities	<u>783,049</u>	<u>798,864</u>

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

Payment of deed of covenant	(674,558)	(741,942)
Interest received	<u>27,675</u>	<u>25,589</u>
Net cash outflow from returns on investments and servicing of finance	<u>(646,883)</u>	<u>(716,353)</u>

The notes on pages 10 to 13 form part of these financial statements

**CVCP PROPERTIES PLC**  
**CASH FLOW STATEMENT (CONTINUED)**  
**YEAR ENDED 31 JULY 2008**

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<b>C. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS</b>	<b>2008 £</b>	<b>2007 £</b>
Increase in cash for period	<u>133,426</u>	<u>82,511</u>
Change in net funds	<b>133,426</b>	<b>82,511</b>
Net funds at 1 August 2007	<u>239,189</u>	<u>156,678</u>
<b>Net funds at 31 July 2008</b>	<u><b>372,615</b></u>	<u><b>239,189</b></u>

<b>D. ANALYSIS OF CHANGES IN NET FUNDS</b>	<i>At August 2007 £</i>	<i>Cash Flows £</i>	<i>At 31 July 2008 £</i>
Cash at bank	<u>239,189</u>	<u>133,426</u>	<u>372,615</u>

The notes on pages 10 to 13 form part of these financial statements

**CVCP PROPERTIES PLC**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 JULY 2008**

**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, modified for the revaluation of investment properties as described in note 1(d).

**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 costing over £2,500.

**d) Investment Properties**

Investment properties are valued by the directors at open market value and professionally valued on a periodic basis.

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**

	2008 £	2007 £
<b>Operating profit is after charging/(crediting)</b>		
Rents payable under operating leases	2,380,077	2,966,900
Rents receivable in respect of operating leases	(2,421,205)	(3,017,660)
Depreciation:		
Furniture and equipment	12,664	18,921
Auditors' remuneration		
Audit	5,424	4,450
Other services	1,410	2,068
Directors' benefits in kind:		
2005/06 tax year	-	16,035
2006/07 tax year	-	33,533
2007/08 tax year	1,391	10,229

**CVCP PROPERTIES PLC**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2008**

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The company had no employees in either year, apart from the directors. Income tax and national insurance paid on behalf of one Director who had use of a company flat is disclosed in Note 3. The other directors received no remuneration from the company.

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2008 £	2007 £
United Kingdom Corporation tax at 21% (2007: 20%)	<u>-</u>	<u>-</u>

**6. FIXED ASSET INVESTMENTS**

Investment properties at market value	<u>11,120,000</u>	<u>11,120,000</u>
Investment properties at cost	<u>5,878,802</u>	<u>5,878,802</u>

The directors obtained a professional valuation of Woburn House from E A Shaw (Chartered Surveyors) as at 24 August 2005. In the opinion of the directors this valuation is not materially different from the open market value at the balance sheet date.

**7. TANGIBLE FIXED ASSETS**

	Furniture And Equipment £
Cost	
At 1 August 2007	288,995
Additions	2,740
Assets written off	(30,180)
At 31 July 2008	<u>261,555</u>
Depreciation	
At 1 August 2007	266,675
Assets written off	(30,180)
Charge for the year	12,664
At 31 July 2008	<u>249,159</u>
<b>Net book value</b>	
At 31 July 2008	<u>12,396</u>
At 31 July 2007	<u>22,320</u>

**8. DEBTORS**

	2008 £	2007 £
Other debtors	1,358	1,090
Prepayments and accrued income	<u>303,416</u>	<u>526,501</u>
	<u>304,774</u>	<u>527,591</u>

**CVCP PROPERTIES PLC**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2008**

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

	2008 £	2007 £
Trade creditors	56,464	41,086
Taxation and social security	38,991	33,908
Other creditors	790,720	668,840
Accruals and deferred income	<u>496,977</u>	<u>741,125</u>
	<b><u>1,383,152</u></b>	<b><u>1,484,959</u></b>

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

	Share Capital £	Investment Revaluation Reserve £	Profit & Loss Account £	Total £
At 1 August 2007	4,800,000	5,241,198	382,943	10,424,141
Result for the year	-	-	2,492	2,492
Revaluation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 July 2008</b>	<b><u>4,800,000</u></b>	<b><u>5,241,198</u></b>	<b><u>385,435</u></b>	<b><u>10,426,633</u></b>

Included within the profit and loss account at 1 August 2007 was £89,492 comprising a sinking fund for repairs and maintenance in accordance with the service charge agreement. This fund was utilised during the year by the scheduled five yearly external refurbishment work.

**11. CALLED UP SHARE CAPITAL**

	2008 £	2007 £
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>
	<b><u>5,000,000</u></b>	<b><u>5,000,000</u></b>
Allotted 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>
	<b><u>4,800,000</u></b>	<b><u>4,800,000</u></b>

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 25.

**CVCP PROPERTIES PLC**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2008**

**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 Universities UK as follows:

	2008 £	2007 £
<b>Included in turnover:</b>		
Rental and service charges	<u>603,889</u>	<u>567,185</u>
<b>Included in expenditure:</b>		
Payment under deed of covenant	<u>796,438</u>	<u>674,558</u>

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

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

	2008 £	2007 £
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**

	2008 £	2007 £
Profit for the period	<u>2,492</u>	<u>1,812</u>
Profit multiplied by the lower rate of corporation tax – 21% (2007 – 20%)	498	362
Effect of capital allowances in excess of depreciation	(498)	(362)
Taxation charge	<u>-</u>	<u>-</u>

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

The company will continue to covenant its taxable profits to Universities UK. Consequently, there is no material deferred taxation.