

Company Registration No: 03029225

CVCP PROPERTIES PLC
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2011



10

Contents

	Page
Officers and professional advisers	1
Directors' report	2
Auditors' report	5
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	11

Officers and professional advisers

Directors Professor Drummond Bone
Professor Julian Crampton
Sir Graeme Davies (appointed 15 October 2010)
Dr K J R Edwards (resigned 15 October 2010)
Professor Steve Smith (resigned 31 July 2011)
Professor Eric Thomas (appointed 1 August 2011)

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

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

Directors' report for the year ended 31 July 2011

The directors present their annual report and the audited financial statements for the year ended 31 July 2011

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 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.

Operating profit was £824,044 (2010: £818,591), and taking account of interest receivable of £646 (2010: £686), £819,091 (2010: £810,742) is payable to Universities UK under a charitable deed of covenant.

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

Lease and leaseback scheme

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

Future Plans

The directors do not foresee any material change in the company's activities or results.

Risk

To minimise the risk of rental voids, CVCP Properties plc markets the building as a hub for the HE 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 and dividend

The directors do not propose a dividend (2010: £nil). The profit before taxation for the year was £5,999 (2010: £8,535). The profit after tax and the payment under deed of covenant to Universities UK has been transferred to the profit and loss account.

Fixed assets

The Company's main asset is Woburn House, originally purchased in 1995 for £3,000,000. EA Shaw (Chartered Surveyors) revalued the building on 4 June 2010, and assessed its value at that date as £12,160,000. The directors do not consider that the value is changed materially since that date.

The Company also owns an investment property in London's Russell Square. This property was purchased in 2000 for £355,000. The valuation of the long leasehold interest in this property at 4 June 2010 was £525,000.

Directors' report for the year ended 31 July 2011

Directors and their interests

The directors as at the approval date are listed on page 1. Directors' benefits in kind are disclosed in Note 3 to the financial statements. 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 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 regards to lease and leaseback arrangements, 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 45 days (2010: 52 days). This is an arithmetical calculation and does not reflect the experience of any one creditor.

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report for the year ended 31 July 2011

Audit information

So far as each of the directors in office at the time of the Directors' Report is aware

- There is no relevant information of which the auditors are unaware, and
- 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 418 of the Companies Act 2006

Approved by the Board of Directors on 14 October 2011 and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'Graeme J. Davis', written in a cursive style.

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 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' 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 work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2011 and its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the shareholders of CVCP Properties plc

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Kingston Smith LLP

James Cross (Senior Statutory Auditor)

for and on behalf of Kingston Smith LLP, Statutory Auditor

25 October 2011

Devonshire House
60 Goswell Road
London
EC1M 7AD

Profit and loss account for the year ended 31 July 2011

	Notes	2011 £	2010 £
TURNOVER	2	1,903,172	2,033,491
Administrative expenses		(99,325)	(97,139)
Other operating expenses		(979,803)	(1,117,761)
OPERATING PROFIT	3	824,044	818,591
Interest receivable		646	686
Payment under deed of covenant		(819,091)	(810,742)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,599	8,535
Tax on profit on ordinary activities	5	—	—
PROFIT FOR THE FINANCIAL YEAR		5,599	8,535
Retained profit brought forward		396,396	387,861
RETAINED PROFIT CARRIED FORWARD		401,995	396,396

All income arises from continuing activities

Statement of total recognised gains and losses for the year ended 31 July 2011

	2011 £	2010 £
Profit for the year	5,599	8,535
Revaluation of investment property	—	1,565,000
Total recognised gains for the financial year	5,599	1,573,535

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

Balance sheet as at 31 July 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	7	10,381	11,154
Investments	6	<u>12,685,000</u>	<u>12,685,000</u>
		12,695,381	12,696,154
CURRENT ASSETS			
Debtors	8	128,087	126,515
Cash at bank and in hand		<u>487,199</u>	<u>451,763</u>
		615,286	578,278
CREDITORS: amounts falling due within one year	9	(1,296,331)	(1,265,695)
NET CURRENT LIABILITIES		(681,045)	(687,417)
CREDITORS: amounts falling due after one year	10	(6,143)	(6,143)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,008,193</u>	<u>12,002,594</u>
CAPITAL AND RESERVES			
Called up share capital	12	4,800,000	4,800,000
Revaluation reserve		6,806,198	6,806,198
Profit and loss account		<u>401,995</u>	<u>396,396</u>
SHAREHOLDERS' FUNDS	11	<u>12,008,193</u>	<u>12,002,594</u>

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

These financial statements were approved by the Board of Directors and authorised for issue on 14 October 2011

Signed on behalf of the Board



Director

Company number 03029225

Cash flow statement for the year ended 31 July 2011

	Notes	2011 £	2010 £
Net cash inflow from operating activities	A	845,701	907,089
Returns on investments and servicing of finance	B	(804,374)	(872,665)
Capital expenditure		(5,891)	(5,768)
Taxation paid		—	—
Increase in cash		<u>35,436</u>	<u>28,656</u>

Notes to the cash flow statement for the year ended 31 July 2011

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

	2011 £	2010 £
Operating profit	824,044	818,591
Depreciation charge	6,674	5,198
(Increase) / decrease in debtors	(1,576)	78,805
Increase in creditors	16,559	4,495
Net cash inflow from operating activities	<u>845,701</u>	<u>907,089</u>

B. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2011 £	2010 £
Payment under deed of covenant	(805,024)	(873,343)
Interest received	650	678
Net cash outflow from returns on investments and servicing of finance	<u>(804,374)</u>	<u>(872,665)</u>

Cash flow statement for the year ended 31 July 2011

C. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS

	2011 £	2010 £
Increase in cash for period	35,436	28,656
Change in net funds	<u>35,436</u>	<u>28,656</u>
Net funds at 1 August 2010	451,763	423,107
Net funds at 31 July 2011	<u>487,199</u>	<u>451,763</u>

D. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2010 £	Cash Flows £	At 31 July 2011 £
Cash at bank	<u>451,763</u>	<u>35,436</u>	<u>487,199</u>

Notes to the financial statements for the year ended 31 July 2011

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The principal 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(e).

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

Individual assets costing over £2,500 are capitalised.

d. Operating leases

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the period of the lease.

e. 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 investment properties.

The Companies Act would normally require systematic annual depreciation of all fixed assets. However, the directors believe that the policy of not providing depreciation in respect of investment properties is necessary in order for the financial statements to show a true and fair view.

2. TURNOVER

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

Notes to the financial statements for the year ended 31 July 2011

3. OPERATING PROFIT

Operating profit is stated after charging / (crediting)

	2011 £	2010 £
Rents payable under operating leases	691,512	841,694
Rents receivable in respect of operating leases	(699,209)	(851,641)
Depreciation	6,674	5,198
Auditors remuneration		
In respect of the financial statements	5,700	5,660
In respect of other services	1,540	1,480
Directors' benefits in kind		
2009/10 tax year	—	20,902
2010/11 tax year	18,597	10,804
2011/12 tax year	9,982	—

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company had no employees in either this or the preceding financial year. Income tax and national insurance paid on behalf of one Director who had use of a company flat is shown in note 3. Other directors received no remuneration from the company.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2011 £	2010 £
United Kingdom corporation tax and total current tax	—	—

Factors affecting the tax charge for the period

	2011 £	2010 £
Profit before taxation	5,599	8,535
Taxation on profit at standard United Kingdom rate of tax of 20.7% (2010: 21%)	(1,159)	(1,792)
Capital allowances in excess of depreciation	1,159	1,792
Tax charge	—	—

Deferred taxation

The company will continue to pay its taxable profits to Universities UK under the gift aid scheme. Consequently, no provision is made for deferred taxation nor does the company have any deferred tax assets.

Notes to the financial statements for the year ended 31 July 2011

6. FIXED ASSET INVESTMENTS

	2011 £	2010 £
Investment properties at market value	<u>12,685,000</u>	<u>12,685,000</u>
Investment properties at cost	<u>5,878,802</u>	<u>5,878,802</u>

The directors obtained a professional valuation of Woburn House and Flat 7, Russell Square Mansions from E A Shaw (Chartered Surveyors) as at 4 June 2010. 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 & equipment £
Cost	
At 1 August 2010	251,809
Disposals	—
Additions	<u>5,901</u>
At 31 July 2011	<u>257,710</u>
Depreciation	
At 1 August 2010	240,655
Disposals	—
Charge for the year	<u>6,674</u>
At 31 July 2011	<u>247,329</u>
Net book value	
At 31 July 2011	<u>10,381</u>
At 31 July 2010	<u>11,154</u>

8. DEBTORS

	2011 £	2010 £
Other debtors	—	3,298
Prepayments and accrued income	<u>128,087</u>	<u>123,217</u>
	<u>128,087</u>	<u>126,515</u>

Notes to the financial statements for the year ended 31 July 2011

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade creditors	77,688	61,113
Taxation and social security	35,995	35,969
Other creditors	819,091	805,024
Accruals and deferred income	363,557	363,589
	<u>1,296,331</u>	<u>1,265,695</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £	2010 £
Other creditors	6,143	6,143
	<u>6,143</u>	<u>6,143</u>

The amount is due between 2 and 5 years

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital £	Investment Revaluation Reserve £	Profit & Loss Account £	Total £
At 1 August 2010	4,800,000	6,806,198	396,396	12,002,594
Result for the year	—	—	5,599	5,599
At 31 July 2011	<u>4,800,000</u>	<u>6,806,198</u>	<u>401,995</u>	<u>12,008,193</u>

Included within the profit and loss account is a sinking fund of £63,080 for repairs and maintenance in accordance with the service charge agreement. This fund is provided towards the cost of the scheduled five-yearly external refurbishment work (last carried out during the year ended 31 July 2008).

Notes to the financial statements for the year ended 31 July 2011

12. CALLED UP SHARE CAPITAL

	2011 £	2010 £
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	550,000	550,000
	<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 of ordinary shares (non-cumulative) In all other respects the preference shares rank pari passu with ordinary shares and are defined as equity instruments

13. OPERATING LEASE COMMITMENTS

The company has entered into non-cancellable operating leases with the following annual commitments

	2011 £	2010 £
Expiring within 2 to 5 years	<u>6,027</u>	<u>6,027</u>

14. CONTROLLING PARTIES

All shareholders are UK universities in membership of Universities UK, and Universities UK itself The financial statements include transactions with Universities UK as follows

	2011 £	2010 £
Included in turnover		
Rental and service charges	<u>634,631</u>	<u>631,090</u>
Included in expenditure and other creditors:		
Payment under deed of covenant	<u>819,091</u>	<u>810,742</u>