

Company Registration No: 03029225

CVCP PROPERTIES PLC
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2013

TUESDAY



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COMPANIES HOUSE

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Officers and professional advisers

Directors	Professor Sir Drummond Bone	
	Professor Julian Crampton	Resigned 19 October 2012
	Professor Sir Graeme Davies	
	Professor Simon Gaskell	Appointed 4 April 2013
	Professor Sir Christopher Snowden	Appointed 1 August 2013
	Professor Sir Eric Thomas	Resigned 31 July 2013
Secretary	Mr C Lambert	
	Mr J Holmes	Appointed 18 December 2012
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 2013

The directors present their annual report and the audited financial statements for the year ended 31 July 2013

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 £839,200 (2012: £833,967), and taking account of interest receivable of £747 (2012: £613), £846,288 (2012: £814,265) 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

A lease and leaseback arrangement was established in 1997 to assist universities and higher education 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

A two-phased project to open up space on the ground floor of Woburn House, to provide additional flexible space for meetings, receptions and exhibitions began in July 2013. Capital commitments relating to this project are disclosed in note 14 and a loan received from Universities UK to facilitate the development is disclosed in Note 10.

Risk

To minimise the risk of rental voids, CVCP Properties plc markets the building as a hub for the higher education sector. Success in this approach is marked with current long-term tenants including Universities UK, the Association of Commonwealth Universities, the Universities and Colleges Employers Association and GuildHE.

Results and dividend

The directors do not propose a dividend (2012: £nil). The loss before taxation for the year was £6,341 (2012: profit of £20,315). The loss after tax and the payment under deed of covenant to Universities UK has been transferred to the profit and loss account.

Directors' report for the year ended 31 July 2013

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 has changed materially since that date.

The Company also owns an investment property on London's Southampton Row. 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 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 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 77 days (2012: 41 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 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 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 2013

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 *18 October 2013* and signed on behalf of the Board



Director

PROFESSOR SIR GRAEME DAVIES

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 2013 which comprise the Profit and Loss Account, the Balance Sheet, 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 shareholders 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 [set out on page 3] 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 and express an opinion on 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 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. In addition we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 and of 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, 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

20 October 2013

Devonshire House
60 Goswell Road
London
EC1M 7AD

Profit and loss account for the year ended 31 July 2013

	Notes	2013 £	2012 £
TURNOVER	2	1,912,705	1,901,995
Administrative expenses		(97,950)	(99,130)
Other operating expenses		(975,555)	(968,898)
OPERATING PROFIT	3	839,200	833,967
Interest receivable		747	613
Payment under deed of covenant		(846,288)	(814,265)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,341)	20,315
Tax on profit on ordinary activities	5	—	—
(LOSS) / PROFIT FOR THE FINANCIAL YEAR		(6,341)	20,315
Retained profit brought forward		422,310	401,995
RETAINED PROFIT CARRIED FORWARD		415,969	422,310

All income arises from continuing activities. There are no recognised gains and losses other than those shown above.

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

Balance sheet as at 31 July 20113

	Notes	2013 £	2012 £
FIXED ASSETS			
Tangible assets	7	15,725	25,767
Investments	6	12,685,000	12,685,000
		<u>12,700,725</u>	<u>12,710,767</u>
CURRENT ASSETS			
Debtors	8	244,096	111,773
Cash at bank and in hand		936,032	569,763
		<u>1,180,128</u>	<u>681,536</u>
CREDITORS: amounts falling due within one year	9	(1,483,686)	(1,357,652)
NET CURRENT LIABILITIES		<u>(303,558)</u>	<u>(676,116)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,397,167</u>	<u>12,034,651</u>
CREDITORS: amounts falling due after one year	10	(375,000)	(6,143)
TOTAL NET ASSETS		<u>12,022,167</u>	<u>12,028,508</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		415,969	422,310
SHAREHOLDERS' FUNDS	11	<u>12,022,167</u>	<u>12,028,508</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

18 October 2013

Signed on behalf of the Board



Director

PROFESSOR SIR GRAEME DAVIES

Company number 03029225

Cash flow statement for the year ended 31 July 2013

	Notes	2013 £	2012 £
Net cash inflow from operating activities	A	836,811	924,715
Returns on investments and servicing of finance	B	(845,541)	(813,652)
Capital expenditure		—	(28,499)
Financing		375,000	—
Increase in cash		<u>366,270</u>	<u>82,564</u>

Notes to the cash flow statement for the year ended 31 July 2013

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

	2013 £	2012 £
Operating profit	839,200	833,967
Depreciation charge	10,042	13,113
(Increase) / decrease in debtors	(132,323)	16,314
Increase in creditors	119,892	61,321
Net cash inflow from operating activities	<u>836,811</u>	<u>924,715</u>

B. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2013 £	2012 £
Payment under deed of covenant	(846,288)	(814,265)
Interest received	747	613
Net cash outflow from returns on investments and servicing of finance	<u>(845,541)</u>	<u>(813,652)</u>

Cash flow statement for the year ended 31 July 2013

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

	2013 £	2012 £
Increase in cash for period	366,270	82,564
Cash inflow from debt	(375,000)	—
Change in net funds	<u>(8,730)</u>	<u>82,564</u>
Net funds at 1 August 2012	569,763	487,199
Net funds at 31 July 2013	<u>561,033</u>	<u>569,763</u>

D. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2012 £	Cash Flows £	At 31 July 2013 £
Cash at bank	569,763	366,270	936,033
Borrowing	—	(375,000)	(375,000)
Net funds	<u>569,763</u>	<u>(8,730)</u>	<u>561,033</u>

Notes to the financial statements for the year ended 31 July 2013

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 2013

3. OPERATING PROFIT

Operating profit is stated after charging / (crediting)

	2013 £	2012 £
Rents payable under operating leases	652,827	635,327
Rents receivable in respect of operating leases	(659,780)	(659,780)
Depreciation	10,042	10,042
Auditors remuneration		
In respect of the financial statements	6,100	5,700
In respect of tax compliance	1,650	1,540
Other services and prior year	2,475	-
Directors' benefits in kind		
2010/11 tax year	-	20,737
2011/12 tax year	-	7,798
2012/13 tax year	17,114	-
2013/14 tax year	9,519	-

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

	2013 £	2012 £
United Kingdom corporation tax and total current tax	—	—

Factors affecting the tax charge for the period

	2013 £	2012 £
(Loss) / Profit before taxation	(6,341)	20,315
Taxation on profit at standard United Kingdom rate of tax of 20.0%	(1,269)	4,063
Capital allowances lower than / (in excess of) depreciation	1,269	(4,063)
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 2013

6. FIXED ASSET INVESTMENTS

	2013 £	2012 £
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 EA 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 2012	255,012
At 31 July 2013	<u>255,012</u>
Depreciation	
At 1 August 2012	229,245
Charge for the year	10,042
At 31 July 2013	<u>239,287</u>
Net book value	
At 31 July 2013	<u>15,725</u>
At 31 July 2012	<u>25,767</u>

8. DEBTORS

	2013 £	2012 £
Other debtors	30,970	337
Prepayments and accrued income	<u>213,126</u>	<u>111,436</u>
	<u>244,096</u>	<u>111,773</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade creditors	241,282	99,088
Taxation and social security	22,534	42,176
Other creditors	852,431	814,265
Accruals and deferred income	<u>367,439</u>	<u>402,123</u>
	<u>1,483,686</u>	<u>1,357,652</u>

Notes to the financial statements for the year ended 31 July 2013

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

	2013 £	2012 £
Loans due after more than one year	375,000	—
Other creditors	—	6,143
	<u>375,000</u>	<u>6,143</u>

The loan balance is due for repayment after more than five years, but no later than 25 November 2026. The loan is secured by way of a fixed charge over the Woburn House building. Interest is payable on the loan at 3% above National Westminster Bank plc base rate.

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital £	Investment Revaluation Reserve £	Profit & Loss Account £	Total £
At 1 August 2012	4,800,000	6,806,198	422,310	12,028,508
Result for the year	—	—	(6,341)	(6,341)
At 31 July 2013	<u>4,800,000</u>	<u>6,806,198</u>	<u>415,969</u>	<u>12,022,167</u>

Included within the profit and loss account is a sinking fund of £71,845 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.

12. CALLED UP SHARE CAPITAL

	2013 £	2012 £
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.

Notes to the financial statements for the year ended 31 July 2013

13. OPERATING LEASE COMMITMENTS

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

	2013 £	2012 £
Expiring within 2 to 5 years	<u>6,027</u>	<u>6,027</u>

14. CAPITAL COMMITMENTS

	2013 £	2012 £
Contracted	<u>349,496</u>	<u>—</u>
	<u>349,496</u>	<u>—</u>

15. 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

	2013 £	2012 £
Included in turnover*		
Rental and service charges	<u>664,854</u>	<u>597,457</u>
Included in expenditure and other creditors:		
Payment under deed of covenant	<u>846,288</u>	<u>814,265</u>
Included in trade creditors		
Other recharges	<u>35,805</u>	<u>30,024</u>
Loans	<u>375,000</u>	<u>-</u>
Included in expenditure		
Other recharges	<u>74,551</u>	<u>72,132</u>