

Company Registration No: 03029225

CVCP PROPERTIES PLC
REPORT AND FINANCIAL STATEMENTS
Year ended 31 July 2020

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COMPANIES HOUSE

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Officers and professional advisers

Directors	Professor Simon Gaskell Professor Julia Buckingham Professor Paul Layzell (appointed 1 August 2019)
Secretary	Jessica Pugh
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	Cripps Pemberton Greenish 45 Cadogan Gardens London SW3 2AQ
Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

Strategic report for the year ended 31 July 2020

Review of business

The company owns the long leasehold interest of Woburn House to 2130, a building in Bloomsbury, Central London providing office accommodation and conference space to various tenants. It also owns a long lease on a nearby flat of 999 years from 24 June 1977.

The leasing of Woburn House office space remains the principal source of income. All the tenants are higher education sector organisations. The principal tenant, providing 45% of rental income in the year, 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, and the investment property, a residential flat in Southampton Row, is let out on a commercial basis.

All the existing tenant leases were renewed from November 2016 and a small office that had been surrendered was let from 1 April 2017 leaving Woburn House fully tenanted. All but one of the tenants signed a new 10-year lease, with one signing for 5 years. There were lease incentives negotiated with the two largest tenants in the form of rent-free periods spread over the first four years of the lease.

During the year the team worked through some internal decoration improvements to common areas in Woburn House. We had a serious safety flaw in the Russell Square flat where a window fell out in a storm to the pavement below. There were no injuries as it happened early morning. Immediate repairs were done to make safe and all windows were checked to make sure there were no more issues. However the windows and fittings were aging and now all front facing windows have been replaced. With the Coronavirus outbreak and closure of Woburn House in March 2020, we supported the tenants for an orderly closure, supported any access they needed to service IT infrastructure and worked with them to support a controlled opening in September 2020.

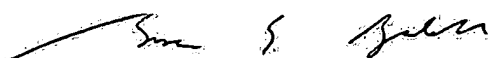
	2020	2019	Change
	£'000	£'000	%
Turnover	1,461	1,449	1%
Operating profit	969	947	-2%
Revaluation of investment properties	(1,825)	—	
(Loss)/Profit on ordinary activities	(881)	920	
Charitable deed of covenant to Universities UK	982	886	11%
Net assets	23,583	25,512	-8%

The directors are satisfied that their main objectives as stated in the Directors' Report are being achieved.

Principal risks and uncertainties

CVCP Properties plc's principal risks are failing to keep Woburn House well maintained and to carry out statutory checks to provide safe, secure and appropriate facilities and services to tenants, and failing to let out the building fully at market rates. COVID and changes in working practices increases uncertainty longer-term over future tenancies and the state of the office letting market. It has sought a market niche by marketing Woburn House as a hub for the Higher Education Sector. Success in this approach and in its management of its principal risks is marked by current long-term relationships with Universities UK, the Association of Commonwealth Universities, the Universities and Colleges Employers Association and GuildHE. Other risks and uncertainties are kept under review.

Approved by the Board of Directors on 9 October 2020 and signed on behalf of the Board:



Professor Simon Gaskell
Director

Directors' report for the year ended 31 July 2020

The directors present their annual report and the audited financial statements for the year ended 31 July 2020.

Objectives and activities

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

All shareholders are UK universities in membership of Universities UK, plus Universities UK itself.

Results and dividend

There was a profit for the year before payment of deed of covenant to Universities UK, taxation and property revaluation of £943,873 (2019: £920,143). The directors do not propose a dividend (2019: £nil). The profit after tax has been transferred to the profit and loss account.

Fixed assets

The company's main asset is Woburn House, purchased in 1995 for £3,000,000. Resolution Property Surveyors (regulated by RICS) revalued the building on 31 July 2020, and assessed its value at that date as £27,500,000.

The company also owns an investment property on London's Southampton Row. This property was purchased in 2000 for £355,000. The valuation by Resolution Property Surveyors of the long leasehold interest in this property at 31 July 2020 was £900,000.

Future developments

The directors do not plan or foresee any material change in the company's activities or financial performance over the coming year.

Events since the balance sheet date

There have been no reportable events affecting the company since the end of the financial year.

Directors and their interests

The directors during the year and as at the approval date are listed on page 1. Directors, who are considered to be key management personnel, received no remuneration. None of the directors had a beneficial interest in any contract with the company or any interests in its shares.

Auditors

Haysmacintyre LLP has indicated its willingness to continue as auditor, subject to re-appointment at the next annual general meeting.

Policy on payment of creditors

Payment to creditors is made within 30 days. At the year-end the number of other creditor days was 42 days (2019: 40 days). This is an arithmetical calculation and does not necessarily reflect the experience of any individual creditor.

Directors' report for the year ended 31 July 2020

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 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.

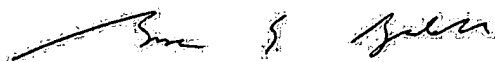
Audit information

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 9 October 2020 and signed on behalf of the Board:



Professor Simon Gaskell
Director

Independent auditors' report to the shareholders of CVCP Properties plc

Opinion

We have audited the financial statements of CVCP Properties plc (the 'company') for the year ended 31 July 2020 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and associated notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its result 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 7 of the financial statements, which describes the effects of material uncertainty on the valuation of the investment property. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditors' report to the shareholders of CVCP Properties plc

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report and the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditors' report to the shareholders of CVCP Properties plc

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Thomas Wilson, Senior Statutory Auditor
For and on behalf of Haysmacintyre LLP, Statutory Auditor
23 October 2020

10 Queen Street Place
London
EC4R 1AG

Statement of comprehensive income for the year ended 31 July 2020

	Notes	2020 £	2019 £
TURNOVER	2	1,461,000	1,449,377
Administrative expenses		(140,019)	(149,745)
Other operating expenses		(351,677)	(352,458)
OPERATING PROFIT	3	969,304	947,174
Interest receivable		946	1,077
Interest payable		(26,377)	(28,108)
Revaluation of investment properties		(1,825,000)	—
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(881,127)	920,143
Tax on profit on ordinary activities	5	(66,000)	—
(LOSS)/PROFIT FOR THE YEAR		(947,127)	920,143

There was no other comprehensive income for 2020 (2019: £nil)

Statement of changes in equity for the year ended 31 July 2020

	Called up share capital £	Profit and loss account £	Total £
At 1 August 2018	4,800,000	20,677,572	25,477,572
Profit for the year	—	920,143	920,143
Payment under deed of covenant	—	(885,837)	(885,837)
At 31 July 2019	4,800,000	20,711,878	25,511,878
Loss for the year	—	(947,127)	(947,127)
Payment under deed of covenant	—	(981,888)	(981,888)
At 31 July 2020	4,800,000	18,782,863	23,582,863

The notes on pages 11 to 17 form part of these financial statements.

Balance sheet at 31 July 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	6	70,594	109,533
Investments	7	<u>28,400,000</u>	<u>30,225,000</u>
		28,470,594	30,334,533
CURRENT ASSETS			
Debtors	8	497,282	544,016
Cash at bank and in hand		<u>528,042</u>	<u>383,871</u>
		1,025,324	927,887
CREDITORS: amounts falling due within one year	9	(1,337,055)	(1,240,542)
NET CURRENT LIABILITIES		(311,731)	(312,655)
TOTAL ASSETS LESS CURRENT LIABILITIES		28,158,863	30,021,878
CREDITORS: amounts falling due after one year	10	(750,000)	(750,000)
DEFERRED TAXATION	11	(3,826,000)	(3,760,000)
TOTAL NET ASSETS		23,582,863	25,511,878
CAPITAL AND RESERVES			
Called up share capital	15	4,800,000	4,800,000
Profit and loss account		<u>18,782,863</u>	<u>20,711,878</u>
SHAREHOLDERS' FUNDS	14	23,582,863	25,511,878

The notes on pages 11 to 17 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 9 October 2020.

Signed on behalf of the Board:



Professor Simon Gaskell
Director

Company number: 03029225

Cash flow statement for the year ended 31 July 2020

	2020 £	2019 £
(a) Reconciliation of net income to net cash flow from operating activities		
Net (expenditure) / income for the year	(947,127)	920,143
Interest income	(946)	(1,077)
Interest payable	26,377	28,108
Depreciation charges	51,112	54,024
Revaluation of investment property	1,825,000	—
Decrease / (increase) in debtors	46,733	(62,414)
Increase / (decrease) in creditors	463	(43,226)
Deferred tax charge	66,000	—
Net cash flow from operating activities	1,067,612	895,558

	2020 £	2019 £
(b) Statement of cash flows		
Cash flows from operating activities	1,067,612	895,558
Cash flows for investing activities		
Purchase of tangible fixed assets	(12,173)	(87,204)
Interest income received	946	1,077
Interest paid	(26,377)	(27,842)
Paid under deed of Covenant	(885,837)	(905,412)
Net cash used in investing activities	(923,441)	(1,019,381)
Change in cash and cash equivalents in the year	144,171	(123,823)
Cash and cash equivalents at 1 August	383,871	507,694
Cash and cash equivalents at 31 July	528,042	383,871

Notes to the financial statements for the year ended 31 July 2020

1. ACCOUNTING POLICIES

a. Company information

CVCP Properties plc is a public limited company, incorporated in the UK.

b. Basis of preparation

The financial statements have been prepared in compliance with FRS 102 and the Companies Act 2006 as it applies to the financial statements of the company for the year ended 31 July 2020.

c. Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the companies' accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There is uncertainty over the value of investment properties – see note 7.

d. Preparation of accounts on a going concern basis

The Board considers that there are no material uncertainties about the company's ability to continue as a going concern.

e. Income and expenditure

All income and expenditure is accounted for on an accruals basis. Turnover represents rentals charged and is stated net of value added tax.

f. 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.

g. Operating leases

Rental costs payable under operating leases are charged to profit or loss on a straight line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the company recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

h. 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.

i. Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

j. Financial instruments

The company only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Notes to the financial statements for the year ended 31 July 2020

k. Creditors and provisions

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

l. Debtors

Short term debtors are measured at transaction price, less any impairment.

m. Employee benefits

Staff are employed by Universities UK and costs are recharged to CVCP Properties plc. Detail of pension schemes and employee benefits are available in the financial statements of Universities UK.

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. Turnover relates to rental income.

3. OPERATING PROFIT

Operating profit is stated after charging / (crediting):

	2020 £	2019 £
Rents payable under operating leases	718	718
Depreciation	51,112	54,024
Auditors remuneration:		
In respect of the financial statements	4,250	3,850
In respect of tax compliance	960	930
Other services and prior year	1,800	160

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company had no employees in either this or the preceding financial year. Directors, who are considered to be key management personnel, received no remuneration from the company. During the year no expenses were reimbursed to directors (2020: nil).

Notes to the financial statements for the year ended 31 July 2020

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2020 £	2019 £
United Kingdom corporation tax and total current tax:		
Deferred tax charge	<u>66,000</u>	<u>—</u>

Factors affecting the tax charge for the period

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	<u>(881,127)</u>	<u>920,143</u>
Taxation on (loss)/profit at standard United Kingdom rate of tax of 19%	(167,414)	174,827
Revaluation of investment properties	346,750	—
Chargeable gains	(376,133)	—
Adjust closing deferred tax to average rate	—	(444,390)
Adjust opening deferred tax to average rate	—	443,704
Remeasurement of deferred tax for changes in tax rates	444,390	—
Deferred tax not recognised	4,966	(5,832)
Payment under deed of covenant	(186,559)	(168,309)
Tax charge	<u>66,000</u>	<u>—</u>

6. TANGIBLE FIXED ASSETS

	Furniture & equipment £
Cost	
At 1 August 2019	413,440
Additions	12,173
Disposals	—
At 31 July 2020	<u>425,613</u>
Depreciation	
At 1 August 2019	303,907
Disposals	—
Charge for the year	51,112
At 31 July 2020	<u>355,019</u>
Net book value	
At 31 July 2020	<u>70,594</u>
At 31 July 2019	<u>109,533</u>

Notes to the financial statements for the year ended 31 July 2020

7. FIXED ASSET INVESTMENTS

	2020 £	2019 £
Investment properties at market value	28,400,000	30,225,000
Investment properties at cost	6,253,768	6,253,768

The directors obtained a professional valuation of Woburn House and Flat 7, Russell Square Mansions from Resolution Property Surveyors (Chartered Surveyors) as at 31 July 2020. The market value of Woburn House and Russell Square Mansions was assessed as £27,500,000 and £900,000 respectively. The market value of Woburn House was arrived at by adopting a rent capitalisation methodology using an equivalent yield. The market value of Flat 7, Russell Square Mansions was based on comparable transactions for similar properties.

The directors acknowledge that there is material uncertainty around the property valuations following the outbreak of COVID-19. The directors note the following two paragraphs from the professional valuation and agree to obtain an annual valuation going forward.

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty - and a higher degree of caution - should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review."

8. DEBTORS

	2020 £	2019 £
Other debtors	1,190	1,441
Prepayments and accrued income	496,092	542,575
	497,282	544,016

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	59,880	72,182
Taxation and social security	59,002	47,052
Other creditors	981,888	885,837
Accruals and deferred income	236,285	235,471
	1,337,055	1,240,542

Notes to the financial statements for the year ended 31 July 2020

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

	2020 £	2019 £
Loans due after more than one year	<u>750,000</u>	<u>750,000</u>
	<u>750,000</u>	<u>750,000</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. DEFERRED TAXATION

Deferred taxation provided at 19% (2019: 17%) in the financial statements is set out below:

	2020 £	2019 £
Timing difference on property fair value adjustment	<u>3,826,000</u>	<u>3,760,000</u>
	<u>3,826,000</u>	<u>3,760,000</u>

12. FINANCIAL INSTRUMENTS

	2020 £	2019 £
Financial assets measured at amortised cost	<u>529,232</u>	<u>385,312</u>
Financial liabilities measured at amortised cost	<u>1,337,055</u>	<u>1,240,542</u>

Financial assets measured at amortised cost comprise debtors and cash.

Financial liabilities measured at amortised cost are creditors.

13. LESSOR INCOME COMMITMENTS

CVCP Properties plc had the following future minimum lease receipts under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Land and buildings:		
. Within one year	<u>1,156,102</u>	<u>1,411,125</u>
. Between one and five years	<u>299,189</u>	<u>1,455,291</u>
	<u>1,455,291</u>	<u>2,866,416</u>

Notes to the financial statements for the year ended 31 July 2020

14. RESERVES

Included within the profit and loss account is a sinking fund of £73,846 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.

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

15. CALLED UP SHARE CAPITAL

	2020 £	2019 £
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.

16. 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:

	2020 £	2019 £
Included in turnover:		
Rental and service charges	<u>699,751</u>	<u>692,869</u>
Included in expenditure and other creditors:		
Payment under deed of covenant	<u>981,888</u>	<u>885,837</u>
Included in trade creditors:		
Other recharges	<u>38,063</u>	<u>39,536</u>
Included in accruals:		
Loan interest payable	<u>3,440</u>	<u>4,150</u>
Included in creditors falling due after one year:		
Loans	<u>750,000</u>	<u>750,000</u>
Included in expenditure:		
Other recharges	89,411	95,398
Loan interest payable	<u>26,377</u>	<u>28,108</u>

Notes to the financial statements for the year ended 31 July 2020

17. RELATED PARTIES

Medical Schools Council, as part of the Universities UK group, is also a related party.

The financial statements include transactions with Medical Schools Council as follows:

	2020 £	2019 £
Included in turnover:		
Rental and service charges	<u>50,200</u>	<u>49,196</u>
Included in expenditure and other creditors:		
Deferred income - rent and service charge	<u>8,115</u>	<u>7,952</u>