

Company Registration No: 03029225

CVCP PROPERTIES PLC
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2016



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Officers and professional advisers

Directors	Professor Sir Drummond Bone	
	Professor Julia Buckingham	Appointed 1 August 2016
	Professor Sir Graeme Davies	
	Professor Simon Gaskell	Resigned 31 July 2016
	Professor Dame Julia Goodfellow DBE	
Secretary	Jeremy Holmes	Resigned 26 November 2015
	Jessica Pugh	Appointed 27 November 2015
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	Pemberton Greenish LLP 45 Cadogan Gardens London SW3 2AQ	
Auditors	haysmacintyre 26 Red Lion Square London WC1R 4AG (Appointed 1 April 2016 in succession to Kingston Smith LLP)	

Strategic report for the year ended 31 July 2016

Review of business

The company owns the freehold of Woburn House, 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.

The leasing of Woburn House 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.

During the year, refurbishment work was carried out on the toilets and washrooms in Woburn House to improve the standard and accessibility of facilities for tenants, visitors and conference delegates. The cost of this work has reduced the operating profit and the covenant payable to Universities UK.

	2016	2015	Change
	£000	£000	%
Turnover	2,016	1,997	+1%
Operating profit	652	908	-34%
Charitable deed of covenant to Universities UK	641	871	-26%
(Loss)/profit for the year	(1)	26	
Net assets	17,913	17,914	0%

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. 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. Lease renewals have been agreed with all major tenants with effect from November 2016. Other risks and uncertainties are kept under review.

Approved by the Board of Directors on 14 October 2016 and signed on behalf of the Board:



Professor Julia Buckingham

Director

Directors' report for the year ended 31 July 2016

The directors present their annual report and the audited financial statements for the year ended 31 July 2016.

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.

Lease and leaseback scheme

A lease and leaseback arrangement was established in 1996 to assist universities and higher education establishments in connection with the construction of new academic buildings. A management fee accrues to the company from this scheme, which ends in June 2017.

Results and dividend

There was a loss for the year after payment of deed of covenant to Universities UK but before taxation of £703 (2015: profit £25,790). The directors do not propose a dividend (2015: £nil). The loss 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. CBRE Limited (regulated by RICS) revalued the building on 23 May 2014, and assessed its value at that date as £18,050,000. 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 by CBRE of the long leasehold interest in this property at 23 May 2014 was £875,000.

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 important 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 were appointed as auditors on 1 April 2016 in succession to Kingston Smith LLP. haysmacintyre has indicated its willingness to continue as auditor, subject to re-appointment at the next annual general meeting.

Directors' report for the year ended 31 July 2016

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 other creditor days was 31 days (2015: 42 days). This is an arithmetical calculation and does not necessarily reflect the experience of any individual 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.

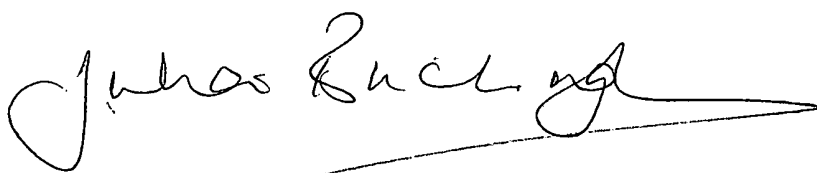
Audit information

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 2016 and signed on behalf of the Board:



Professor Julia Buckingham

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 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow statement 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 4] 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its loss 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.

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:

Independent auditors' report to the shareholders of CVCP Properties plc

- 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.



Sam Coutinho, Senior Statutory Auditor
For and on behalf of haysmacintyre, Statutory Auditor

26 Red Lion Square
London
WC1R 4AG

14 October 2016

Profit and loss account for the year ended 31 July 2016

	Notes	2016 £	2015 £
TURNOVER	2	2,016,950	1,995,720
Administrative expenses		(152,242)	(102,679)
Other operating expenses		(1,212,549)	(984,779)
OPERATING PROFIT	3	652,159	908,262
Interest receivable		1,127	1,275
Interest payable		(13,125)	(13,125)
Payment under deed of covenant		(640,864)	(870,622)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(703)	25,790
Tax on profit on ordinary activities	5	—	—
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(703)	25,790
Retained profit brought forward		459,747	433,957
RETAINED PROFIT CARRIED FORWARD		459,044	459,747

Statement of comprehensive income

	2016 £	2015 £
PROFIT FOR THE FINANCIAL YEAR	(703)	25,790
Unrealised surplus on revaluation of properties	—	—
COMPREHENSIVE INCOME	(703)	25,790

The notes on pages 10 to 15 form part of these financial statements.

Balance sheet as at 31 July 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	6	51,236	53,979
Investments	7	<u>18,925,000</u>	<u>18,925,000</u>
		18,976,236	18,978,979
CURRENT ASSETS			
Debtors	8	104,755	172,794
Cash at bank and in hand		<u>381,580</u>	<u>535,760</u>
		486,335	708,554
CREDITORS: amounts falling due within one year	9	(1,174,083)	(1,398,342)
NET CURRENT LIABILITIES		(687,748)	(689,788)
TOTAL ASSETS LESS CURRENT LIABILITIES		18,288,488	18,289,191
CREDITORS: amounts falling due after one year	10	(375,000)	(375,000)
TOTAL NET ASSETS		17,913,488	17,914,191
CAPITAL AND RESERVES			
Called up share capital	13	4,800,000	4,800,000
Revaluation reserve		12,654,444	12,654,444
Profit and loss account		<u>459,044</u>	<u>459,747</u>
SHAREHOLDERS' FUNDS	12	17,913,488	17,914,191

The notes on pages 10 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 2016

Signed on behalf of the Board:



Professor Julia Buckingham

Director

Company number: 03029225

Cash flow statement for the year ended 31 July 2016

	2016 £	2015 £
(a) Reconciliation of net income to net cash flow from operating activities		
Net income for the year	(703)	25,790
Interest income	(1,127)	(1,275)
Interest paid	13,125	13,125
Depreciation charges	26,565	27,735
Decrease/(Increase) in debtors	68,039	40,325
(Decrease)/Increase in creditors	5,499	18,988
Accrued under deed of Covenant	640,864	870,622
Net cash used in operating activities	752,262	995,310
(b) Statement of cash flows		
Cash flows from operating activities	752,262	995,310
Cash flows for investing activities		
Purchase of tangible fixed assets	(23,822)	(51,036)
Interest income	1,127	1,275
Interest paid	(13,125)	(13,125)
Paid under deed of Covenant	(870,622)	(806,697)
Net cash used in investing activities	(906,442)	(869,583)
Change in cash and cash equivalents in the year	(154,180)	125,727
Cash and cash equivalents at 1 August	535,760	410,033
Cash and cash equivalents at 31 July	381,580	535,760

Company statement of changes in equity for the year ended 31 July 2016

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 August 2014	4,800,000	12,654,444	433,957	17,888,401
Profit and total comprehensive income for the year	—	—	25,790	25,790
At 31 July 2015	4,800,000	12,654,444	459,747	17,914,191
Loss and total comprehensive income for the year	—	—	(703)	(703)
At 31 July 2016	4,800,000	12,654,444	459,044	17,913,488

Notes to the financial statements for the year ended 31 July 2016

1. ACCOUNTING POLICIES

The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 July 2016. The company transitioned from previously extant UK GAAP to FRS 102 as at 1 August 2014. The transition had no impact on the reported financial position or performance for the current or prior year. The principal accounting policies adopted are described below.

a. 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.

b. 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.

c. 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.

d. 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.

e. 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.

f. 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.

Notes to the financial statements for the year ended 31 July 2016

g. Financial instruments

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

h. Employee benefits

Staff are employed by Universities UK and costs 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.

3. OPERATING PROFIT

Operating profit is stated after charging / (crediting):

	2016 £	2015 £
Rents payable under operating leases	646,800	649,813
Rents receivable in respect of operating leases	(659,750)	(659,750)
Depreciation	26,565	27,735
Auditors remuneration:		
In respect of the financial statements	3,500	6,380
In respect of tax compliance	790	995
Other services and prior year	1,506	735

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 expenses of £158.70 were reimbursed to one Director (2015: nil).

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2016 £	2015 £
United Kingdom corporation tax and total current tax	—	—

Notes to the financial statements for the year ended 31 July 2016

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting the tax charge for the period

	2016 £	2015 £
Profit before taxation	<u>(703)</u>	<u>25,790</u>
Taxation on profit at standard United Kingdom rate of tax of 20.0%	—	5,158
Capital allowances in excess of depreciation	—	(5,158)
Tax charge	<u>—</u>	<u>—</u>

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.

6. TANGIBLE FIXED ASSETS

	Furniture & equipment £
Cost	
At 1 August 2015	328,010
Additions	23,822
Disposals	<u>(57,524)</u>
At 31 July 2016	294,308
Depreciation	
At 1 August 2015	274,031
Charge for the year	26,565
Disposals	<u>(57,524)</u>
At 31 July 2016	243,072
Net book value	
At 31 July 2016	<u>51,236</u>
At 31 July 2015	<u>53,979</u>

Notes to the financial statements for the year ended 31 July 2016

7. FIXED ASSET INVESTMENTS

	2016 £	2015 £
Investment properties at market value	18,925,000	18,925,000
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 CBRE (Chartered Surveyors) as at 23 May 2014. The market value of Woburn House and Russell Square Mansions was assessed as £18,050,000 and £875,000 respectively. Directors are of the opinion that the values have not changed materially since.

8. DEBTORS

	2016 £	2015 £
Other debtors	1,546	1,470
Prepayments and accrued income	103,209	171,324
	104,755	172,794

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	61,078	124,253
Taxation and social security	47,296	36,273
Other creditors	640,864	870,622
Accruals and deferred income	424,845	367,194
	1,174,083	1,398,342

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

	2016 £	2015 £
Loans due after more than one year	375,000	375,000
	375,000	375,000

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.

Notes to the financial statements for the year ended 31 July 2016

11. FINANCIAL INSTRUMENTS

	2016 £	2015 £
Financial assets measured at amortised cost	486,335	708,554
Financial liabilities measured at amortised cost	1,549,083	1,773,342

Financial assets measured at amortised cost comprise debtors and cash.

Financial liabilities measured at amortised cost are creditors.

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital £	Investment Revaluation Reserve £	Profit & Loss Account £	Total £
At 1 August 2015	4,800,000	12,654,444	459,747	17,914,191
Result for the year	—	—	(703)	(703)
At 31 July 2016	4,800,000	12,654,444	459,044	17,913,488

Included within the profit and loss account is a sinking fund of £45,029 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.

13. CALLED UP SHARE CAPITAL

	2016 £	2015 £
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
	4,800,000	4,800,000

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 2016

14. CAPITAL COMMITMENTS

	2016 £	2015 £
Contracted	<u>—</u>	<u>158,776</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:

	2016 £	2015 £
Included in turnover:		
Rental and service charges	<u>642,107</u>	<u>634,466</u>
Included in expenditure and other creditors:		
Payment under deed of covenant	<u>640,864</u>	<u>870,622</u>
Included in trade creditors:		
Other recharges	<u>36,354</u>	<u>35,010</u>
Included in accruals:		
Loan interest payable	<u>13,125</u>	<u>13,125</u>
Included in creditors falling due after one year:		
Loans	<u>375,000</u>	<u>375,000</u>
Included in expenditure:		
Other recharges	<u>68,158</u>	<u>65,869</u>
Loan interest payable	<u>13,125</u>	<u>13,125</u>

16. RELATED PARTIES

Medical Schools Council

	2016 £	2015 £
Included in turnover:		
Rental and service charges	<u>43,271</u>	<u>44,625</u>
Included in expenditure and other creditors:		
Deferred income - rent and service charge	<u>6,960</u>	<u>7,176</u>