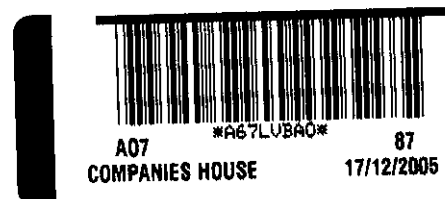


CVCP PROPERTIES PLC
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2005



CVCP PROPERTIES PLC
REPORT AND FINANCIAL STATEMENTS

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CVCP PROPERTIES PLC
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 JULY 2005

DIRECTORS

Dr K J R Edwards
Professor I Crewe (resigned 31 July 2005)

SECRETARY

Mr J Tuck (resigned on 16 April 2005)
Miss A Thomas (appointed 16 April and resigned 3 May 2005)
Mr C Lambert (appointed 3 May 2005)

REGISTERED OFFICE

Woburn House
20 Tavistock Square
London
WC1H 9HQ

BANKERS

National Westminster Bank Plc
PO Box 83
Tavistock House
Tavistock Square
London
WC1H 9XA

SOLICITORS

D L A
India Buildings
Water Street
Liverpool
L2 0NH

AUDITORS

Horwath Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

CVCP PROPERTIES PLC
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2005

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 July 2005.

ACTIVITIES

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

All shareholders are UK universities in membership of Universities UK. Universities UK is also a shareholder.

REVIEW OF DEVELOPMENTS

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 Company's loan (in respect of the purchase of the building and an investment property purchased during 2000) with National Westminster Bank was completely paid off in March 2005 (2004 - £69,682).

There are net current liabilities of £722,211, which arise from the deed of covenant payable to Universities UK of £800,832.

RESULTS

The directors do not propose to pay a dividend (2004 - £nil). The profit before taxation for the year was £822,695 (2004 - £903,298). The result after tax and the payment under deed of covenant to Universities UK has been transferred to the profit and loss reserve.

FIXED ASSETS

The Company's main fixed asset is Woburn House, purchased for £3,000,000. E A Shaw (Chartered Surveyors) revalued the building on 17 December 2003 and assessed its value at 31 July 2003 as £9,070,000. The value is considered acceptable in relation to the current carrying value in the balance sheet.

The Company also purchased an investment property in Russell Square during the year 2000. The purchase price of this property was £355,000.

DIRECTORS AND THEIR INTERESTS

The directors at year end are set out on page 1. On 1 August, Professor J Drummond Bone was appointed to the Board. The directors received no remuneration. None of the directors had a beneficial interest in any contract with the Company or any interests in its shares.

CVCP PROPERTIES PLC
REPORT AND FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 JULY 2005

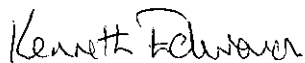
AUDITORS

The board has exercised its powers to appoint Horwath Clark Whitehill LLP as auditors of the company. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

POLICY ON PAYMENT OF CREDITORS

The Company operates two policies in respect of payment of creditors. With regard to lease and leaseback agreements, payment to universities in respect of rent is made on receipt of payment by the university of rent due to CVCP Properties plc. Payment to other creditors is made within 30 days. At the year-end the number of creditor days was 17 days (2004 – 15 days).

Approved by the Board of Directors on 25 Nov 2005
and signed on behalf of the board



Director

CVCP PROPERTIES PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2005 set out on pages 6 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

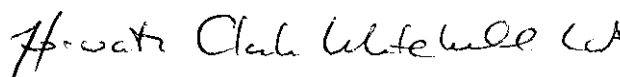
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HORWATH CLARK WHITEHILL LLP
Chartered Accountants and
Registered Auditors

25/4/05

CVCP PROPERTIES PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JULY 2005

	Note	2005 £	2004 £
TURNOVER	2	4,079,315	4,195,664
Administrative expenses		(112,382)	(92,699)
Other operating expenses		<u>(3,170,899)</u>	<u>(3,205,335)</u>
OPERATING PROFIT	3	796,034	897,630
Interest receivable		29,009	14,776
Interest payable in respect of bank loans and overdrafts		<u>(2,348)</u>	<u>(9,108)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		822,695	903,298
Tax on profit on ordinary activities	5	-	1,768
Payment under Deed of Covenant		<u>(800,832)</u>	<u>(900,000)</u>
PROFIT FOR THE FINANCIAL YEAR		21,863	5,066
Retained profit brought forward		<u>356,704</u>	<u>351,638</u>
RETAINED PROFIT CARRIED FORWARD		<u>378,567</u>	<u>356,704</u>

All activities are continuing.

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

CVCP PROPERTIES PLC
BALANCE SHEET
AS AT 31 JULY 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	7	21,976	32,944
Investments	6	9,425,000	9,425,000
		<u>9,446,976</u>	<u>9,457,944</u>
CURRENT ASSETS			
Debtors	8	508,986	503,648
Cash at bank and in hand		356,541	434,837
		<u>865,527</u>	<u>938,485</u>
CREDITORS: Amounts falling due within one year	9	<u>(1,587,738)</u>	<u>(1,693,527)</u>
NET CURRENT LIABILITIES		<u>(722,211)</u>	<u>(755,042)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,724,765</u>	<u>8,702,902</u>
TOTAL NET ASSETS		<u>8,724,765</u>	<u>8,702,902</u>
CAPITAL AND RESERVES			
Called up share capital	11	4,800,000	4,800,000
Revaluation reserve		3,546,198	3,546,198
Profit and loss account		378,567	356,704
SHAREHOLDERS' FUNDS	10	<u>8,724,765</u>	<u>8,702,902</u>
ATTRIBUTABLE TO EQUITY SHAREHOLDERS		<u>8,174,765</u>	<u>8,152,902</u>
ATTRIBUTABLE TO NON-EQUITY SHAREHOLDERS		<u>550,000</u>	<u>550,000</u>

These financial statements were approved by the Board of Directors on 25 Nov 2005
and signed on behalf of the Board

Kenneth Edwards } Director

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

CVCP PROPERTIES PLC
CASH FLOW STATEMENT
YEAR ENDED 31 JULY 2005

	Notes	2005 £	2004 £
Net cash inflow from operating activities	A	768,532	1,386,096
Returns on investments and servicing of finance	B	(774,171)	(894,332)
Capital expenditure	7	<u>(2,974)</u>	<u>(27,764)</u>
Net cash (outflow)/inflow before use of liquid resources		(8,613)	464,000
Taxation		<u>-</u>	<u>1,768</u>
(Decrease)/Increase in cash		<u>(8,613)</u>	<u>465,768</u>

NOTES TO THE CASH FLOW

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

	2005 £	2004 £
Operating profit	796,034	897,630
Depreciation charge	13,942	13,001
(Increase)/Decrease in debtors	(5,338)	251,023
(Decrease)/Increase in creditors	<u>(36,106)</u>	<u>224,442</u>
Net cash inflow from operating activities	<u>768,532</u>	<u>1,386,096</u>

B. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

Payment of deed of covenant	(800,832)	(900,000)
Interest received	29,009	14,776
Interest paid	<u>(2,348)</u>	<u>(9,108)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(774,171)</u>	<u>(894,332)</u>

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

CVCP PROPERTIES PLC
CASH FLOW STATEMENT (CONTINUED)
YEAR ENDED 31 JULY 2005

	2005 £	2004 £
C. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS		
(Decrease)/Increase in cash for period	<u>(8,613)</u>	<u>465,768</u>
Change in net debt	<u>(8,613)</u>	<u>465,768</u>
Net funds/(debt) at 1 August 2004	<u>365,155</u>	<u>(100,613)</u>
Net funds at 31 July 2005	<u>356,542</u>	<u>365,155</u>

	At August 2004 £	Cash Flows £	At 31 July 2005 £
D. ANALYSIS OF CHANGES IN NET FUNDS			
Cash at bank	434,837	(78,295)	356,542
Debt due within one year	<u>(69,682)</u>	<u>69,682</u>	<u>-</u>
Total	<u>365,155</u>	<u>(8,613)</u>	<u>356,542</u>

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

1. ACCOUNTING POLICIES

a) **Accounting Convention**

b) Income and expenditure

c) Tangible Fixed Assets

Furniture and equipment - over four years

d) Investment Properties

Although the Companies Act would normally require systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation is necessary in order for the accounts to give a true and fair view.

2. TURNOVER

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

3. OPERATING PROFIT

OPERATING PROFIT	2005 £	2004 £
Operating profit is after crediting/(charging):		
Rents receivable in respect of operating leases	3,017,660	3,017,411
Depreciation:		
Furniture and equipment	(13,942)	(13,001)
Auditors' remuneration	(5,400)	(5,265)

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Page 10

CVCP PROPERTIES PLC
NOTES TO THE ACCOUNTS
YEAR ENDED 31 JULY 2005

5. TAX ON PROFIT ON ORDINARY ACTIVITIES	2005	2004
	£	£
United Kingdom Corporation tax at 19%	<u>-</u>	<u>(1,768)</u>

6. FIXED ASSET INVESTMENTS

Investment Properties	<u>9,425,000</u>	<u>9,425,000</u>
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The directors obtained a professional valuation of Woburn House from E A Shaw (Chartered Surveyors) as at 31 July 2003 and this has been incorporated into the financial statements.

7. TANGIBLE FIXED ASSETS

	Furniture And Equipment £
Cost	
At 1 August 2004	265,993
Additions	<u>2,974</u>
At 31 July 2005	<u>268,967</u>
Depreciation	
At 1 August 2004	233,049
Charge for the year	<u>13,942</u>
At 31 July 2005	<u>246,991</u>
Net book value	
At 31 July 2005	<u>21,976</u>
At 31 July 2004	<u>32,944</u>

8. DEBTORS

	2005	2004
	£	£
Other debtors	895	-
Prepayments and accrued income	<u>508,091</u>	<u>503,648</u>
	<u>508,986</u>	<u>503,648</u>

CVCP PROPERTIES PLC
NOTES TO THE ACCOUNTS
YEAR ENDED 31 JULY 2005

9. CREDITORS: amounts falling due within one year

	2005	2004
	£	£
Bank loans and overdraft	-	69,682
Trade creditors	63,644	13,303
Taxation and social security	23,068	22,486
Other creditors	813,774	900,000
Accruals and deferred income	687,252	688,056
	<u>1,587,738</u>	<u>1,693,527</u>

10. RECONCILIATION OF MOVEMENT OF SHAREHOLDER FUNDS

	Share Capital £	Revaluation Reserve £	Profit & Loss Account £	Total £
At 1 August 2004	4,800,000	3,546,198	356,704	8,702,902
Result for the year	-	-	21,863	21,863
At 31 July 2005	<u>4,800,000</u>	<u>3,546,198</u>	<u>378,567</u>	<u>8,724,765</u>

Included within the profit and loss account is £87,375 (2004 – 72,213) comprising a sinking fund for repairs and maintenance in accordance with the service charge agreement.

11. CALLED UP SHARE CAPITAL

	2005	2004
	£	£
Authorised		
4,450,000 ordinary shares of £1 each	4,450,000	4,450,000
550,000 6% non-cumulative preference shares of £1 each	550,000	550,000
	<u>5,000,000</u>	<u>5,000,000</u>
Called up 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 on ordinary shares (non-cumulative). In all other respects the preference shares rank pari passu with ordinary shares: they are defined as non-equity shares under Financial Reporting Standard 4.

CVCP PROPERTIES PLC
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 JULY 2005

12. CONTROLLING PARTIES

All shareholders are UK universities in membership of Universities UK and Universities UK is also a shareholder. The company acts as a business vehicle for its shareholders.

The accounts include transactions and balances with related parties as follows:

	2005 £	2004 £
Included in turnover:		
Lease/leaseback income	3,017,660	3,017,411
Rental and service charges	<u>1,041,747</u>	<u>1,159,306</u>
Included in expenditure		
Lease/leaseback expenditure	<u>2,966,900</u>	<u>2,966,900</u>

There are no overall controlling parties.

13. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of charge in the year

	2005 £	2004 £
Current tax on profits of the year	-	-
Adjustments in respect of prior years	-	(1,768)
Total Current tax (Note 14(b))	<u>-</u>	<u>(1,768)</u>

b) Factors affecting the tax charge for the period

	2005 £	2004 £
Profit for the period	<u>822,695</u>	<u>903,298</u>
Profit multiplied by the lower rate of corporation tax	156,312	171,627
Effect of - gift aid payment	(154,617)	(171,000)
- capital allowances in excess of depreciation	(1,062)	(2,452)
- creation of tax losses	-	1,825
- usage of tax losses	(633)	-
- adjustments to tax charge in respect of previous periods	-	(1,768)
Taxation charge	<u>-</u>	<u>(1,768)</u>

c) Factors that may affect future tax charges

The company will continue to covenant most of its taxable profits to Universities UK. There is no material deferred taxation.