

CVCP PROPERTIES PLC
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2001

**HORWATH
CLARK WHITEHILL**
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CVCP PROPERTIES PLC
REPORT AND FINANCIAL STATEMENTS

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CVCP PROPERTIES PLC
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 JULY 2001

DIRECTORS	Professor R J Bull Dr K J R Edwards Professor Sir Howard Newby (Appointed 1 December 2000)
SECRETARY	Mr P Pendle (resigned 30 May 2001) Mr J Tuck (appointed 19 June 2001)
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 25 New Street Square London EC4A 3LN

CVCP PROPERTIES PLC
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2001

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 July 2001.

ACTIVITIES

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

All shareholders are UK Universities in membership of Universities UK (formerly The Committee of Vice-Chancellors and Principals of the Universities of the UK). Universities UK is also a shareholder.

REVIEW OF DEVELOPMENTS

The leasing of the building remains the main source of income. The majority of the tenants are higher education sector organisations. The main tenant is Universities UK, which uses the building as its headquarters and as a conference centre.

The company's total loans (in respect of the purchase of the building and an investment property purchased during 2000) with the higher education agencies and National Westminster Bank were £566,760 at 31 July 2001 (2000 - £832,246).

There are net current liabilities of £605,101 due to leaseback, rental and service charge income of £628,582 received in advance.

RESULTS

The directors do not propose to make a dividend (2000 - £nil). The profit before taxation for the year was £459,842 (2000 - £396,188). 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. Chesterton Property Consultants revalued the building on 9 December 1998. 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 value of this property is £355,000.

DIRECTORS AND THEIR INTERESTS

The current directors are set out on page 1. 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 2001

AUDITORS

A resolution for the reappointment of Horwath Clark Whitehill as auditors of the company is to 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 10 days.

Approved by the Board of Directors on
and signed on behalf of the board

19/02/02

Horwath Clark Whitehill

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.

**HORWATH
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**AUDITORS REPORT
TO THE MEMBERS OF
CVCP PROPERTIES PLC**



We have audited the financial statements on pages 6 to 14, which have been prepared under the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

As stated on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 judgements made 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 the information in the financial statements.

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 July 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill

Chartered Accountants
and Registered Auditors

19 February 2002

CVCP PROPERTIES PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JULY 2001

	Notes	2001 £	2000 £
TURNOVER	2	4,162,385	3,922,946
Administrative expenses		(75,013)	(73,630)
Other operating expenses		<u>(3,581,831)</u>	<u>(3,427,130)</u>
OPERATING PROFIT	3	505,541	422,186
Interest receivable		10,927	23,865
Interest payable in respect of bank loans and overdrafts		<u>(56,626)</u>	<u>(49,863)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		459,842	396,188
Tax on profit on ordinary activities	5	(18,541)	(10,000)
Payment under Deed of Covenant		<u>(360,000)</u>	<u>(380,000)</u>
PROFIT FOR THE FINANCIAL YEAR		81,301	6,188
Retained profit brought forward		<u>103,655</u>	<u>97,467</u>
RETAINED PROFIT CARRIED FORWARD		<u>184,956</u>	<u>103,655</u>

The notes on pages 10 to 14 form part of these financial statements

CVCP PROPERTIES PLC
BALANCE SHEET
AS AT 31 JULY 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	7	1,970	22,372
Investments	6	<u>5,955,000</u>	<u>5,955,000</u>
		<u>5,956,970</u>	<u>5,977,372</u>
CURRENT ASSETS			
Debtors	8	550,259	538,162
Cash at bank and in hand		<u>120,823</u>	<u>111,545</u>
		671,082	649,707
CREDITORS: Amounts falling due within one year	9	<u>(1,276,183)</u>	<u>(1,091,025)</u>
NET CURRENT LIABILITIES		<u>(605,101)</u>	<u>(441,318)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,351,869	5,536,054
CREDITORS: amounts falling due after more than one year	10	<u>(290,715)</u>	<u>(556,201)</u>
TOTAL NET ASSETS		<u>5,061,154</u>	<u>4,979,853</u>
CAPITAL AND RESERVES			
Called up share capital	12	4,800,000	4,800,000
Revaluation reserve		76,198	76,198
Profit and loss account		<u>184,956</u>	<u>103,655</u>
SHAREHOLDERS' FUNDS	11	<u>5,061,154</u>	<u>4,979,853</u>
ATTRIBUTABLE TO EQUITY SHAREHOLDERS		4,511,154	4,429,853
ATTRIBUTABLE TO NON-EQUITY SHAREHOLDERS		<u>550,000</u>	<u>550,000</u>

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

19/02/2002

Kenneth Edward } Director

The notes on pages 10 to 14 form part of these financial statements

CVCP PROPERTIES PLC
CASH FLOW STATEMENT
YEAR ENDED 31 JULY 2001

	Notes	2001 £	2000 £
Net cash inflow from operating activities	1	541,500	497,801
Returns on investments and servicing of finance	2	(275,699)	(705,998)
Capital expenditure	4	<u>-</u>	<u>(353,000)</u>
Net cash (outflow)/inflow before use of liquid resources		265,801	(561,197)
Taxation		(7,081)	-
Financing	3	<u>16,044</u>	<u>10,528</u>
Increase/(Decrease) in cash		<u>274,764</u>	<u>(550,669)</u>

NOTES TO THE CASH FLOW

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

	2001 £	2000 £
Operating profit	505,541	422,186
Depreciation charge	20,402	53,346
Loss on disposal of fixed assets	-	2,000
Increase in debtors	(28,141)	(1,446)
Increase in creditors	<u>43,698</u>	<u>21,715</u>
	<u>541,500</u>	<u>497,801</u>

2. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

Payment of deed of covenant	(230,000)	(680,000)
Interest received	10,927	23,865
Interest paid	<u>(56,626)</u>	<u>(49,863)</u>
Net cash (outflow) from returns on investments and Servicing of finance	<u>(275,699)</u>	<u>(705,998)</u>

3. FINANCING

Cash received as payment of share capital	<u>16,044</u>	<u>10,528</u>
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CVCP PROPERTIES PLC
CASH FLOW STATEMENT (CONTINUED)
YEAR ENDED 31 JULY 2001

	2001 £	2000 £
4. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of investments	-	(355,000)
Proceeds from sale of tangible fixed assets	-	2,000
	<u>-</u>	<u>(353,000)</u>

	2001 £	2000 £
5. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT		
Increase/(decrease) in cash for period	<u>274,764</u>	<u>(550,669)</u>
Change in net debt	<u>274,764</u>	<u>(550,669)</u>
Net debt at 1 August 2000	<u>(580,701)</u>	<u>(30,032)</u>
Change in net debt	<u>(305,937)</u>	<u>(580,701)</u>

	At 1 August 2000 £	Cash flows £	At 31 July 2001 £
6. ANALYSIS OF CHANGES IN NET DEBT			
Cash at bank	111,545	9,278	120,823
Debt due within one year	(136,045)	-	(136,045)
Debt due after one year	<u>(556,201)</u>	<u>265,486</u>	<u>(290,715)</u>
Total	<u>(580,701)</u>	<u>274,764</u>	<u>(305,937)</u>

CVCP PROPERTIES PLC
NOTES TO THE ACCOUNTS
YEAR ENDED 31 JULY 2001

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

a) Accounting Convention

The financial statements are prepared under the historical cost convention.

b) 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

c) Investment Properties

Investment properties are valued by the directors at open market value.

No depreciation is provided in respect of leasehold investment properties with over 20 years to run.

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.

CVCP PROPERTIES PLC
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 JULY 2001

3. OPERATING PROFIT	2001	2000
	£	£
Operating profit is after crediting/(charging):		
Rents receivable in respect of operating leases	3,441,188	3,212,835
Depreciation:		
Furniture and equipment	(20,402)	(53,861)
Auditors' remuneration	(3,000)	(3,000)

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company had no employees in either year.
A company flat was made available to one of the directors. The cost of maintaining the flat was £4,565 (2000 - £Nil).

5. TAX ON PROFIT ON ORDINARY ACTIVITIES	2001	2000
	£	£
United Kingdom Corporation tax at 20%	20,000	10,000
Over provision in prior years	(1,459)	-
	18,541	10,000

6. FIXED ASSET INVESTMENTS

Opening balance	5,955,000	5,600,000
Additions	-	355,000
	5,955,000	5,955,000

7. TANGIBLE FIXED ASSETS

	Furniture and equipment £
Cost	
At 1 August 2000 and 31 July 2001	213,988
Depreciation	
At 1 August 2000	191,616
Charge for the year	20,402
At 31 July 2001	212,018
Net book value	
At 31 July 2001	1,970
At 31 July 2000	22,372

CVCP PROPERTIES PLC
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 JULY 2001

8. DEBTORS

	2001 £	2000 £
Trade debtors	65,918	2,239
Other debtors	2,329	5,012
Called up share capital not paid	-	16,044
Prepayments and accrued income	<u>482,012</u>	<u>514,867</u>
	<u>550,259</u>	<u>538,162</u>

9. CREDITORS: amounts falling due within one year

Bank loans and overdraft (see note 10)	136,045	136,045
Trade creditors	111,709	5,835
Taxation and social security	45,300	86,214
Other creditors	351,547	220,000
Accruals and deferred income	<u>631,582</u>	<u>642,931</u>
	<u>1,276,183</u>	<u>1,091,025</u>

10. CREDITORS: Amounts falling due after more than one year

Bank loans and overdrafts falling due:		
Between one and two years	136,045	276,045
Between two and five years	<u>154,670</u>	<u>280,156</u>
	<u>290,715</u>	<u>556,201</u>

Security in the form of legal mortgage with full title guarantees over the leasehold premises and floating securities over all moveable plant, machinery, and equipment have been given over the total of the bank loans and overdrafts falling due in one year or less or on demand and after more than one year and bear interest at 2% above base rate.

CVCP PROPERTIES PLC
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 JULY 2001

11. RECONCILIATION OF MOVEMENT OF SHAREHOLDER FUNDS

	Share Capital £	Revaluation Reserve £	Profit & Loss Account £	Total £
At 1 August 2000	4,800,000	76,198	103,655	4,979,853
Result for the year	-	-	81,301	81,301
At 31 July 2001	4,800,000	76,198	184,956	5,061,154

Included within the profit and loss account is £30,265 comprising a sinking fund for repairs and maintenance in accordance with the service charge agreement.

12. CALLED UP SHARE CAPITAL

	2001 £	2000 £
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
	5,000,000	5,000,000
 Called up and allocated		
107,295 ordinary shares of £1 each (partly paid)	-	107,295
4,250,000 (4,142,705) ordinary shares of £1 each (fully paid)	4,250,000	4,142,705
550,000 6% non-cumulative preference shares of £1 each (fully paid)	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 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 2001

13. 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:

Included in turnover:

	2001 £	2000 £
Lease/leaseback income	3,441,188	3,212,835
Interest on unpaid shares	-	989
Rental and service charges	<u>720,980</u>	<u>710,058</u>

Included in expenditure

Lease/leaseback expenditure	<u>3,406,673</u>	<u>3,158,129</u>
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There are no overall controlling parties.