

UNIVERSITY OF NEWCASTLE UPON TYNE

SUPPLY COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2004

(Registered Number: 2096876)



**UNIVERSITY OF NEWCASTLE UPON TYNE
SUPPLY COMPANY LIMITED**

DIRECTORS' REPORT

The Directors submit their report and the audited accounts for the year ended 31 July 2004.

REGISTERED OFFICE

Central Square South, Orchard Street, Newcastle upon Tyne, NE1 3XX.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company leases certain assets to The University of Newcastle upon Tyne.

RESULTS AND DIVIDENDS

The profit for the year after taxation is £19,299 (2003 – loss £22,352). The directors do not recommend the payment of a dividend (2003: £nil).

DIRECTORS

The following were directors of the Company during the year:

HB Farnhill
ML Lawrence
AL Tobin

None of the directors has a beneficial interest in the shares of the Company. None of the directors received any remuneration in respect of their services to the Company during the year.

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 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 and 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.

**UNIVERSITY OF NEWCASTLE UPON TYNE
SUPPLY COMPANY LIMITED**

DIRECTORS' REPORT

AUDITOR

PricewaterhouseCoopers LLP were reappointed as auditors during the period and have indicated their willingness to be reappointed. A resolution as to their re-appointment will be proposed at the Annual General Meeting.

By ~~For and on behalf of~~ Eversecretary Ltd
Authorised Signatory of Eversecretary Ltd

EVERSECRETARY LIMITED
Company Secretary

28 September 2004

**UNIVERSITY OF NEWCASTLE UPON TYNE
SUPPLY COMPANY LIMITED**

**Independent auditors' report to the members of University of Newcastle upon Tyne
Supply Company Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Newcastle upon Tyne
13 December 2004

**UNIVERSITY OF NEWCASTLE UPON TYNE
SUPPLY COMPANY LIMITED**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2004

	<u>Note</u>	<u>2004</u> £	<u>2003</u> £
TURNOVER	1(b)	20,515	27,742
Cost of sales		-	-
		<hr/>	<hr/>
GROSS PROFIT		20,515	27,742
Administration expenses		(17,136)	(65,829)
		<hr/>	<hr/>
OPERATING PROFIT /(LOSS)		3,379	(38,087)
Interest receivable		93	136
		<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	3,472	(37,951)
Taxation on profit/ (loss) on ordinary activities	3	15,827	15,599
		<hr/>	<hr/>
PROFIT/(LOSS) FOR THE YEAR	9	19,299	(22,352)
		<hr/>	<hr/>

The company has no recognised gains or losses other than those included within the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

All amounts relate to continuing operations.

**UNIVERSITY OF NEWCASTLE UPON TYNE
SUPPLY COMPANY LIMITED**

BALANCE SHEET AT 31 JULY 2004

	<u>Note</u>	<u>2004</u> £	<u>2003</u> £
CURRENT ASSETS			
Debtors (amounts falling due within one year)	4	89,214	132,053
Debtors (amounts falling due after more than one year)	5	184,541	273,754
Cash at bank and in hand		13,022	5,679
		<hr/>	<hr/>
		286,777	411,486
CREDITORS (amounts falling due within one year)	6	(47,928)	(176,109)
		<hr/>	<hr/>
NET CURRENT ASSETS		238,849	235,377
Provision for liabilities and charges	7	(24,227)	(40,054)
		<hr/>	<hr/>
Net assets		214,622	195,323
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up equity share capital	8	20,100	20,100
Profit and loss account	9	194,522	175,223
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	10	214,622	195,323
		<hr/>	<hr/>

The financial statements on pages 4 to 9 were approved by the Board on 28 September 2004 and signed on its behalf by


H B Farnhill

Director

**UNIVERSITY OF NEWCASTLE UPON TYNE
SUPPLY COMPANY LIMITED**

NOTES TO THE ACCOUNTS - YEAR ENDED 31 JULY 2004

1 ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Turnover

Turnover represents amounts invoiced exclusive of Value Added Tax in respect of interest receivable under finance leases.

(c) Finance leases

The company leases assets to The University of Newcastle upon Tyne under finance leases. Income from finance leases is credited to the profit and loss account in proportion to the funds invested. Finance lease receivables are stated in the balance sheet at the net investment in the leases after deduction of unearned charges.

(d) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

(e) Cash flow statement

The ultimate parent undertaking has prepared a group cash flow statement. Accordingly the company is exempt from preparing a cash flow statement.

2 PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Profit/(Loss) on ordinary activities is stated after charging/(crediting)

	<u>2004</u>	<u>2003</u>
	£	£
Interest receivable under finance leases	(20,515)	(27,742)
Management charges	5,000	5,000
	<u> </u>	<u> </u>

The company has no employees (2003: nil).

None of the directors received any remuneration in respect of their services to the company during the year (2003:£nil).

**UNIVERSITY OF NEWCASTLE UPON TYNE
SUPPLY COMPANY LIMITED**

3 Taxation on the profit/(loss) for the year

(a) Analysis of tax credit in the year

	<u>2004</u> £	<u>2003</u> £
Current tax	-	-
Deferred tax:		
Origination and reversal of timing differences (ACA and Other)	15,827	15,599
	<hr/>	<hr/>
Tax credit on profit (loss) on ordinary activities	15,827	15,599
	<hr/> <hr/>	<hr/> <hr/>

Deferred tax liabilities have not been discounted.

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below.

	<u>2004</u> £	<u>2003</u> £
Profit/(loss) on ordinary activities before taxation	3,472	(37,951)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2003:19%)	660	(7,211)
Effects of		
Expenses not deductible for tax purposes	25,089	25,167
Capital allowances in excess of depreciation	(9,262)	(12,350)
Utilisation of group losses	(16,487)	(5,606)
	<hr/>	<hr/>
Current tax charge for year	-	-
	<hr/> <hr/>	<hr/> <hr/>

(c) Factors that may affect future tax charges

The company expects to continue to claim capital allowances in excess of depreciation in future years.

4 DEBTORS (amounts falling due within one year)

	<u>2004</u> £	<u>2003</u> £
Amounts receivable under finance leases	89,214	132,053
	<hr/> <hr/>	<hr/> <hr/>

Aggregate rentals receivable in the year under finance leases is £152,567
(2003 £160,195)

**UNIVERSITY OF NEWCASTLE UPON TYNE
SUPPLY COMPANY LIMITED**

5 DEBTORS (amounts falling due after more than one year)

	<u>2004</u> £	<u>2003</u> £
Amounts receivable under finance leases	184,541	273,754
	<hr/>	<hr/>

6 CREDITORS (amounts falling due within one year)

	<u>2004</u> £	<u>2003</u> £
Amounts payable to ultimate parent undertaking	21,707	149,031
Other taxation and social security	25,824	27,063
Accruals and deferred income	397	15
	<hr/>	<hr/>
	47,928	176,109
	<hr/>	<hr/>

7 PROVISION FOR LIABILITIES AND CHARGES

	Deferred Tax Provision £
At 1 August 2003	40,054
Credited to the profit and loss account (note 3)	(15,827)
At 31 July 2004	<hr/> 24,227 <hr/>

	2004	2003
Provision for deferred tax	£	£
Accelerated capital allowances	24,227	40,054
	<hr/>	<hr/>

8 EQUITY SHARE CAPITAL

	<u>2004</u> £	<u>2003</u> £
Ordinary shares of £1 each Authorised	50,000	50,000
	<hr/>	<hr/>
Allotted, called up and fully paid	20,100	20,100
	<hr/>	<hr/>

**UNIVERSITY OF NEWCASTLE UPON TYNE
SUPPLY COMPANY LIMITED**

9 PROFIT AND LOSS ACCOUNT

	£
At 1 August 2003	175,223
Profit for the year	19,299
	<hr/>
At 31 July 2004	194,522
	<hr/> <hr/>

10 RECONCILIATION OF MOVEMENT ON EQUITY SHAREHOLDERS' FUNDS

	<u>2004</u> £	<u>2003</u> £
Opening equity shareholders' funds	195,323	217,675
Profit/(loss) for the year	19,299	(22,352)
	<hr/>	<hr/>
Closing equity shareholders' funds	214,622	195,323
	<hr/> <hr/>	<hr/> <hr/>

11 ULTIMATE PARENT UNDERTAKING

The ultimate parent company and controlling party is the University of Newcastle upon Tyne, which has prepared group accounts incorporating the results of The University of Newcastle upon Tyne Supply Company Limited.

Accounts of The University of Newcastle upon Tyne can be obtained from:

The Bursar
The University of Newcastle upon Tyne
3 Park Terrace
Newcastle upon Tyne
NE1 7RU

Transactions with The University of Newcastle upon Tyne are not disclosed as the company has taken advantage of the exemption under Financial Reporting Standard No. 8 "Related Party Disclosures" for wholly owned subsidiaries.