

UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31<sup>ST</sup> JULY 2005

Registered Number 2331936



# UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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## **UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2005**

The Directors present their report and financial statements of the Company for the year ended 31<sup>st</sup> July 2005.

#### **PRINCIPAL ACTIVITIES**

The Company acts as a holding company for certain subsidiary activities of the University of Southampton.

#### **RESULTS**

The Company's profit for the year was £56 (2004:- £50), all of which was transferred to reserves (2004:- same).

#### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

No changes to the Company's activities are planned for the foreseeable future.

#### **DIRECTORS**

The Directors who served since the date of the last report were as follows:-

Dr. B. G. Smith (Chairman)  
Mr. M. J. Ace (appointed 12<sup>th</sup> October 2005)  
Prof. P. J. Curran (resigned 20<sup>th</sup> June 2005)  
Mr. J. F. D. Lauwerys  
Prof. K. E. McLuskie (resigned 12<sup>th</sup> January 2005)  
Dame Yvonne Moores (resigned 20<sup>th</sup> June 2005)  
Prof. P. A. Nelson (appointed 12<sup>th</sup> October 2005)  
Prof. W. Wakeham (resigned 20<sup>th</sup> June 2005)  
Prof. A. A. Wheeler (resigned 20<sup>th</sup> June 2005)  
Prof. D. Williams (appointed 12<sup>th</sup> October 2005)

At 31<sup>st</sup> July 2005, none of the above held any beneficial interest in the shares of the Company, its subsidiaries, or any other group companies.

## UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2005 (continued)

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

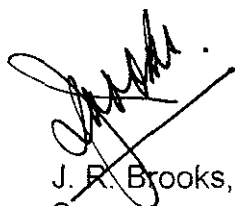
Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:-

- select suitable accounting policies and 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.

This report was approved by the Board of Directors on 18<sup>th</sup> November 2005.



J. R. Brooks,  
Secretary,  
18<sup>th</sup> November 2005.

University of Southampton,  
Highfield,  
Southampton,  
SO17 1BG

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF UNIVERSITY OF  
SOUTHAMPTON HOLDINGS LIMITED

We have audited the financial statements on pages 4 to 9. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 6.

This report is made solely to the Company's Member, 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 Member those matters that we are required to state to it 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 Member as a body, for our audit work, for this report, or for the opinions 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. 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. Our responsibilities do not extend to any other information.

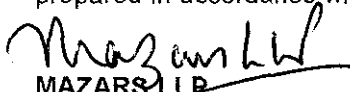
Basis of opinion

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 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 as at 31st July 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**MAZARS LLP**  
**CHARTERED ACCOUNTANTS**  
and Registered Auditors

8 New Fields,  
2 Stinsford Road  
Poole, Dorset  
BH17 0NF

18 November 2005

UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2005**

	Note	2005 £	2004 £
<b>TURNOVER</b>	1(b)	9,600	9,200
Administrative expenses		(9,544)	(9,150)
		<hr/>	<hr/>
<b>OPERATING PROFIT, PROFIT FOR THE FINANCIAL YEAR, AND PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION</b>	2	56	50
<b>ACCUMULATED SURPLUS BROUGHT FORWARD</b>		699	649
		<hr/>	<hr/>
<b>ACCUMULATED SURPLUS CARRIED FORWARD</b>		£755	£699
		<hr/>	<hr/>

All activities of the Company are continuing operations.

The Company has no recognised gains or losses other than those above.

The notes on pages 6 to 9 form part of these financial statements.

UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

BALANCE SHEET AS AT 31<sup>ST</sup> JULY 2005

	Note	2005 £	2004 £
<b>FIXED ASSETS</b>			
Investments	6	8,789,423	2,806,814
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Debtors – amounts falling due within one year	7	2,554	3,323
		<hr/>	<hr/>
<b>CREDITORS</b>			
Amounts falling due within one year	8	(1,986)	(2,811)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		568	512
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,789,991	2,807,326
		<hr/>	<hr/>
<b>CREDITORS</b>			
Amounts falling due after more than one year	9	(8,789,038)	(2,806,429)
		<hr/>	<hr/>
<b>NET ASSETS</b>		£953	£897
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	10	198	198
Profit and loss account		755	699
		<hr/>	<hr/>
<b>SHAREHOLDER'S FUNDS</b>	11	£953	£897
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 18<sup>th</sup> November 2005.



Dr. B. G. Smith,

Chairman

The notes on pages 6 to 9 form part of these financial statements.

# UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS – 31<sup>ST</sup> JULY 2005

### 1. ACCOUNTING POLICIES

#### (a) Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The figures presented in these statements are for the parent company only. Group accounts have not been presented as the Company is a wholly-owned subsidiary of the University of Southampton, which produces group accounts.

#### (b) Turnover

Turnover, all of which arises in the UK, represents amounts charged to University of Southampton group companies in the Company's capacity as a holding company.

#### (c) Investments

Investments are stated at cost, less, where appropriate, provisions to reduce their carrying value to net realisable value.

### 2. OPERATING PROFIT

	2005 £	2004 £
The operating profit is stated after charging:-		
Auditors' remuneration for audit services	£1,250	£1,200
Auditors' remuneration for non-audit services	£650	£710

### 3. DIRECTORS' EMOLUMENTS

During the year, the Directors received no emoluments for their services (2004:- £nil).

### 4. EMPLOYEES

During the year, there were no employees (2004:- nil). During the year, the University of Southampton charged the Company £6,800 (2004:- £6,650) in respect of services of its employees.



# UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS – 31<sup>ST</sup> JULY 2005 (continued)

### 5. TAXATION

There is no charge to UK Corporation tax for the year (2004:- £nil).

6. INVESTMENTS	Shares in subsidiary undertakings £	Other investments £	Total £
Cost:-			
At 31 <sup>st</sup> July 2004	2,806,714	100	2,806,814
Additions	5,982,609	-	5,982,609
	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> July 2005	£8,789,323	£100	£8,789,423
	<hr/>	<hr/>	<hr/>

All shares held in these companies are ordinary class shares. At 31<sup>st</sup> July 2005, the Company had the following subsidiaries, all of which are registered in England and Wales, and operate wholly within the United Kingdom:-

	Proportion of voting rights and share capital held	Business
Chilworth Science Park Limited (CSPL)	100%	Science Park
ECS Partners Limited	100%	Consulting
INNOS Limited	100%	Microfabrication services
Manor Centre Limited	100%	Post Office
Southampton Asset Management Limited	80%	Innovations and patents
Southampton Innovations Limited	100%	Innovations and patents
Southampton Residences Limited	100%	Management services
Southampton University Services Limited	50%	Provision of nurse education to National Health Service
Southampton University Research into Sustainability and the Environment (SUNRISE) Limited	100%	Waste management research
The University of Southampton Consulting Limited	100%	Consultancy
US(CA) Limited	100%	Archives

# UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS – 31<sup>ST</sup> JULY 2005 (continued)

### 6. INVESTMENTS (continued)

Southampton University Services Limited is limited by guarantee. The liability of the Company is limited to £1.

In the opinion of the Directors, the value of the investments shown is not less than the aggregate amount at which they are shown in the balance sheet.

### 7. DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Amounts owed by ultimate parent undertaking	£2,554	£3,323

### 8. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Amounts owed to fellow subsidiary undertakings	86	86
Accruals and deferred income	1,900	2,725
	£1,986	£2,811

### 9. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £	2004 £
Amounts owing to parent undertaking	£8,789,038	£2,806,429

### 10. CALLED-UP SHARE CAPITAL

	2005 £	2004 £
<i>Authorised – 500 Ordinary shares of £1 each</i>	£500	£500
Allotted and called up:-		
198 Ordinary shares of £1 each	£198	£198

NOTES TO THE ACCOUNTS – 31<sup>ST</sup> JULY 2005 (continued)

## 11. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2005 £	2004 £
Profit on ordinary activities after taxation	56	50
Opening shareholder's funds	897	847
	<hr/>	<hr/>
Closing shareholder's funds	£953	£897
	<hr/>	<hr/>

## 12. ULTIMATE PARENT UNDERTAKING

The Company's immediate and ultimate parent undertaking and ultimate controlling entity is the University of Southampton, a body corporate incorporated by Royal Charter in England and Wales, which is the smallest and largest group for which group financial statements are prepared. The group accounts of the University of Southampton and its subsidiary undertakings are available to the public and may be obtained from the University of Southampton, Highfield, Southampton, SO17 1BJ.

## 13. CASH FLOW STATEMENT

The financial statements of the University of Southampton for the year ended 31<sup>st</sup> July 2005 contain a consolidated statement of cash flows. The Company has taken advantage of the exemption granted by Financial Reporting Standard ("FRS") Number 1 whereby it is not required to publish its own cash flow statement.

## 14. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption provided by FRS8 not to disclose transactions with entities that are part of the University of Southampton group.

## 15. POST BALANCE SHEET EVENT

On 30<sup>th</sup> October 2005, a major fire broke out in Southampton University's Mountbatten Building, situated on the west side of the Highfield campus. The fire largely destroyed the building and the specialist research facilities, including the clean rooms, housed within it. Other buildings suffered consequential but more minor damage. A large amount of specialist equipment was also destroyed in the fire.

The University carries insurance cover for its buildings and equipment and cover to meet the higher costs of continuing its business in the aftermath of insurable events. While this insurance cover will mitigate the financial costs arising from the fire, there will undoubtedly be disruption to the research work of the School of Electronics and Computer Science, the Opto-Electronics Research Centre and to the business of Innos Limited, a 100% owned University of Southampton Holdings Limited subsidiary. At the time of writing, the extent of this disruption remains unclear. Many offers of help have been received from a wide variety of organisations to provide accommodation and facilities that will enable research programmes to be continued elsewhere until the above facilities can be replaced.