

**UNIVERSITY OF SOUTHAMPTON HOLDINGS
LIMITED**

**DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

31st JULY 1999

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 31st JULY 1999

The Directors present their annual report and the audited financial statements for the year ended 31st July 1999.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company made a loss of £(585) for the year (1998: profit £1,415). No changes to the Company's activities are planned for the foreseeable future.

PROPOSED DIVIDEND

The Directors do not recommend the payment of a dividend (1998: £nil).

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served during the year were as follows:

Sir John W. Fairclough	(Chairman)
Professor N. Cook	(resigned 10th November 1998)
Professor K. Crouan	(appointed 10 th November 1998)
Professor R. A. Farrar	(resigned 6th October 1999)
Dame Rennie I. Fritchie	(appointed 9th December 1998)
Doctor P. C. Lanchester	
J. F. D. Lauwerys	
Professor H. J. Newby	
Professor A. M. Ulph	
J. B. K. Williams	(resigned 9th December 1998)
G. Whitehead	

None of the above held any beneficial interest in the share capital of the Company, or its' subsidiaries.

UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31st JULY 1999 (Continued)

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.

YEAR 2000

The company has considered potential issues that may arise as part of the Year 2000 problem. No significant issues have been identified, and no issues have arisen in the period subsequent to 31st December 1999. No rectification costs have been incurred, and none are expected to be incurred.

This report was approved by the Board of Directors on 5th March 2000.



J. R. Brooks
Secretary

AUDITORS' REPORT TO THE MEMBERS OF UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom 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 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.

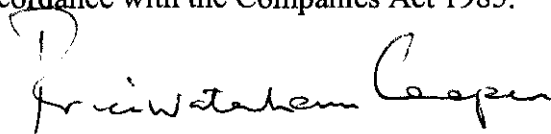
Basis of audit opinion

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 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Southampton

5 MARCH 2000

UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st JULY 1999**

	<u>Note</u>	<u>Continuing Operations</u>	
		<u>1999</u>	<u>1998</u>
		£	£
TURNOVER		6,239	9,817
Administrative expenses		<u>(6,824)</u>	<u>(8,402)</u>
OPERATING (LOSS)/PROFIT AND (LOSS)/PROFIT FOR THE FINANCIAL YEAR	2	(585)	1,415
ACCUMULATED DEFICIT BROUGHT FORWARD		<u>(544)</u>	<u>(1,959)</u>
ACCUMULATED DEFICIT CARRIED FORWARD		<u>(1,129)</u>	<u>(544)</u>

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

UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

BALANCE SHEET AS AT 31st JULY 1999

	<u>Note</u>	<u>1999</u> £	<u>1998</u> £
FIXED ASSETS			
Investments	6	750,649	550,647
CREDITORS: Amounts falling due within one year	7	<u>(1,334)</u>	<u>(550,993)</u>
NET CURRENT LIABILITIES		<u>(1,334)</u>	<u>(550,993)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>749,315</u>	<u>(346)</u>
CREDITORS: Amounts falling due after more than one year	8	<u>(750,246)</u>	<u>-</u>
NET LIABILITIES		<u>(931)</u>	<u>(346)</u>
CAPITAL AND RESERVES			
Called up share capital	9	198	198
Profit and loss account		<u>(1,129)</u>	<u>(544)</u>
SHAREHOLDERS' FUNDS - DEFICIT	11	<u>(931)</u>	<u>(346)</u>

The financial statements were approved by the Board of Directors on 5th March 2000.



J. F. D. Lauwerys
Director

UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31st JULY 1999

1 ACCOUNTING POLICIES

(1) Basis of preparation

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

At 31st July 1999 the Company had net liabilities of £931 as a result of administrative expenditure incurred. The Directors anticipate that the Company will receive interest and dividends from subsidiary undertakings in future periods and therefore have prepared the financial statements on a going concern basis. The University of Southampton has confirmed its intention to continue to support the Company.

Group accounts have not been presented as the Company is a wholly-owned subsidiary of the University of Southampton which produces group accounts.

(2) Turnover

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

(3) Investments

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

2 OPERATING PROFIT

	<u>1999</u> £	<u>1998</u> £
Operating profit is stated after charging:		
Auditors' remuneration	<u>250</u>	<u>250</u>

3 EMPLOYEES

During the year there were no employees (1998: nil). However the University of Southampton charged the Company £6,000 (1998: £6,000) in respect of services of their employees.

4 DIRECTORS' EMOLUMENTS

The Directors received no remuneration for their services (1998: £nil).

UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31st JULY 1999 (Continued)

5 TAXATION

There is no charge to corporation tax for the year (1998: £nil)

6 INVESTMENTS

	Shares in <u>subsidiary undertakings</u>	Other <u>investments</u>	<u>Total</u>
	£	£	£
Cost			
At 1st August 1998	550,547	100	550,647
Additions	<u>200,002</u>	<u>—</u>	<u>200,002</u>
At 31st July 1999	<u>750,549</u>	<u>100</u>	<u>750,649</u>

At 31st July 1999, the Company had the following subsidiaries, all of which are registered in England and Wales and operate wholly within the United Kingdom:

	<u>Proportion of voting rights and share capital held</u>	<u>Business</u>
Chilworth Centre Limited	100%	Property investment and research park management.
Chilworth Manor Limited	75.01%	Conference Centre.
Southampton Innovations Limited	100%	Innovations and Patents.
Southampton University Services Limited	* 50%	Provision of nurse education to National Health Service.
Southampton Residences Limited	100%	Management services.
Henry Robinson Hartley Limited	100%	Estate management.
SOceanic Limited	100%	Commercial Contracts Management.

* Company limited by guarantee.

UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31st JULY 1999 (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	CREDITORS: Amounts falling due within one year	<u>1999</u> £	<u>1998</u> £
	Amounts owed to parent undertaking	-	550,246
	Amounts owed to fellow subsidiary undertakings	2	15
	Taxation and social security	82	82
	Accruals and deferred income	<u>1,250</u>	<u>650</u>
		<u>1,334</u>	<u>550,993</u>

8	CREDITORS: Amounts falling due after more than one year	<u>1999</u> £	<u>1998</u> £
	Amounts owed to parent undertaking	<u>750,246</u>	<u>-</u>

9	SHARE CAPITAL	<u>1999</u> £	<u>1998</u> £
	Equity interests:		
	Authorised:		
	Ordinary shares of £1 each	<u>500</u>	<u>500</u>
	Allotted and called up:		
	Ordinary shares of £1 each	<u>198</u>	<u>198</u>

10 ULTIMATE PARENT UNDERTAKING

The Company's immediate and ultimate parent undertaking and ultimate controlling entity is the University of Southampton, a body 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.

UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31st JULY 1999 (Continued)

11 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	<u>1999</u>	<u>1998</u>
	£	£
(Loss)/profit on ordinary activities after taxation	(585)	1,415
Opening shareholder's deficit	<u>(346)</u>	<u>(1,761)</u>
Closing shareholder's deficit	<u>(931)</u>	<u>(346)</u>

All shareholder's funds relate to equity interests.

12 CASH FLOW STATEMENT

The Company has not prepared a cash flow statement, as permitted by Financial Reporting Standard Number 1 (Revised).

13 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption provided by FRS 8 not to disclose transactions with entities that are part of the University of Southampton group.