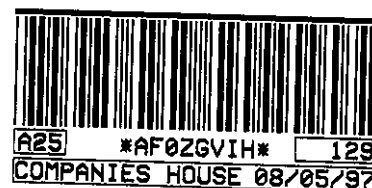


Kingston University Enterprises Limited
Financial Statements
Year Ended 31 July 1996

Company registration No: 2462309



Kingston University Enterprises Limited
Managing Directors' Statement
Year Ended 31 July 1996

Introduction

Kingston University Enterprises Limited (KUEL) achieved further modest growth in its third year of trading on behalf of the University. This year saw the introduction of a dealership for computer products which has benefited the University by passing on discounts not otherwise obtainable.

Results

Total turnover and other operating income grew by 11.6% to £278,735. Financial support from the DTI was completed in 1996/97. The final grant claim of £12,000 was submitted and approved in September 1996. The operating result for the year was a profit of £23,923 (1995: loss £681). The accumulated loss has been reduced to £12,129 (1995: £31,556).

The licence agreement with Dillons to use the University's name for their Kingston Bookshop contributed £8,511 (1995: £Nil) to the turnover for the year.

KUEL's dealership application to Merisel (UK) Ltd, a major distributor of computer products, was successful and resulted in income of £23,000 (1995: £Nil).

Prospects

We expect the level of consultancy by staff to increase only slowly during the next few years.

KUEL continues to work with staff on a number of technical projects which may develop into commercial products.

Kingston University Enterprises Limited
Directors' Report
Year Ended 31 July 1996

Responsibilities of the Directors

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 these 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume 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. 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.

Principal Activities

The principal activities of the company are the provision of consultancy services and the sale of Kingston University branded merchandise.

Fixed Assets

Details of movements in fixed assets are set out in note 7.

Results and future prospects

Details of the company's results for the year are shown in the profit and loss account on page 5. The directors are seeking to improve the company's trading performance in future years. No dividends were paid during the year (1995: £Nil).

Directors

The directors who served during the year are ;

Mr S Binnie
Dr A J H Mercer
Prof D Miles
Dr A Seth
Dr R C Smith CBE

Directors' Interests

None of the directors had beneficial interests in any group company at any time during the year.

Auditors

A resolution for the reappointment of Deloitte & Touche is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 28 April 1997 and signed on behalf of the Board by:



Dr R C Smith, CBE

**Auditors' report to the members of
Kingston University Enterprises Limited
Year Ended 31 July 1996**

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2, 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 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 an 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 31 July 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors

30 April 1997

Columbia Centre
Market Street
Bracknell
Berkshire
RG12 1PA

Kingston University Enterprises Limited
Profit and loss account
for the year ended 31 July 1996

| | Notes | 1996 £ | 1995 £ |
|---|-------|----------------------|----------------------|
| Turnover | | 278,735 | 225,695 |
| Cost of sales | | <u>(172,624)</u> | <u>(170,680)</u> |
| Gross profit | | 106,111 | 55,015 |
| Administrative expenses | 3 | (85,922) | (83,093) |
| Other operating income | 4 | <u>-</u> | <u>24,000</u> |
| Operating profit/(loss) | | 20,189 | (4,078) |
| Interest receivable and similar income | | 3,734 | 4,997 |
| Interest payable to parent undertaking | | - | (1,600) |
| Profit/(loss) for the financial year | | <u>23,923</u> | <u>(681)</u> |
| Deed of covenant (payment)/refund (including exceptional item) | 6 | (4,496) | 19,790 |
| Retained profit | 13 | <u><u>19,427</u></u> | <u><u>19,109</u></u> |

All amounts are derived from continuing operations.

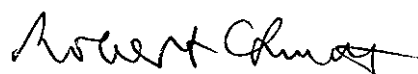
There are no recognised gains or losses or other movements in shareholders funds in either this or the prior year other than those shown in the profit and loss account.

Kingston University Enterprises Limited
Balance sheet
31 July 1996

| | Notes | £ | 1996 £ | £ | 1995 £ |
|---|-------|----------------|---------------|----------------|---------------|
| Tangible fixed assets | 7 | | 3,608 | | 5,155 |
| Current assets | | | | | |
| Stock | | 24,447 | | 14,108 | |
| Debtors | 8 | 58,633 | | 42,423 | |
| Cash at bank and in hand | | 82,305 | | 87,120 | |
| | | <u>165,385</u> | | <u>143,651</u> | |
| Creditors: Amounts falling due within one year | 9 | (81,122) | | (60,362) | |
| Net current assets | | | 84,263 | | 83,289 |
| Total assets less current liabilities | | | <u>87,871</u> | | <u>88,444</u> |
| Creditors: Amounts falling due after more than one year | 10 | | 0 | | (20,000) |
| | | | <u>87,871</u> | | <u>68,444</u> |
| Represented By: | | | | | |
| Called up share capital | 11 | | 100,000 | | 100,000 |
| Profit and loss account | 13 | | (12,129) | | (31,556) |
| Equity shareholders' funds | 12 | | <u>87,871</u> | | <u>68,444</u> |

These financial statements were approved by the Board of Directors on 28 April 1997.

Signed on behalf of the Board of Directors:



Dr R C Smith CBE

Kingston University Enterprises Limited
Notes to the accounts
for the year ended 31 July 1996

1 Accounting Policies

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

a) Basis of Accounting

The Financial Statements have been prepared under the historical cost convention.

b) Fixed Assets

Assets are capitalised and the cost depreciated over their useful economic life using the straight line method. The company uses the following economic lives:

| | |
|--------------------------|-----------|
| Fixtures and Fittings | - 6 years |
| Computer Equipment-Minor | - 3 years |

c) Stock

Stocks of finished goods are valued at the lower of cost and net realisable value. The replacement cost is not significantly different to book value.

d) Government Grants

Grants received from government bodies are taken to the profit and loss account in the same period as the expenditure to which they relate.

e) Turnover

Turnover represents amounts billed and accrued for services rendered excluding VAT. All turnover derived from activities in the UK.

2 Staff and Directors

The average number of employees (excluding directors) during the year was three (1995: three). For these employees, salary costs were:

| | 1996 | 1995 |
|----------------------------------|---------------|---------------|
| | £ | £ |
| Wages and salaries | 58,521 | 53,976 |
| Employer's pension contributions | 618 | 0 |
| Social security costs | 5,548 | 5,324 |
| | <u>64,687</u> | <u>59,300</u> |

During this and the preceding year none of the directors received any emoluments in respect of their services to the company.

3 Operating Profit

Operating profit for the year is stated after charging :

| | 1996 | 1995 |
|------------------------------|--------------|--------------|
| | £ | £ |
| Audit Fee | 500 | 500 |
| Depreciation on owned assets | <u>1,963</u> | <u>3,830</u> |

Kingston University Enterprises Limited
Notes to the accounts
for the year ended 31 July 1996

4 Other Operating Income

Other operating income consists of grants received from the DTI.

5 Taxation

The company pays funds to its parent under deed of covenant, therefore there is no liability to corporation tax. There was no unprovided deferred taxation at either year end.

6 Exceptional Item

During the previous year, there was a refund of deed of covenant paid in prior years amounting to £24,696.

7 Fixed Assets

| | Fixtures, fittings, and computer equipment £ |
|-----------------------|--|
| Cost | |
| At 1 August 1995 | 15,740 |
| Additions | 416 |
| At 31 July 1996 | <u>16,156</u> |
| Depreciation | |
| At 1 August 1995 | 10,585 |
| Charged in year | 1,963 |
| At 31 July 1996 | <u>12,548</u> |
| Net Book Value | |
| At 31 July 1996 | <u>3,608</u> |
| At 31 July 1995 | <u>5,155</u> |

8 Debtors

| | 1996 | 1995 |
|--------------------------------|---------------|---------------|
| | £ | £ |
| Trade debtors | 40,551 | 40,739 |
| Prepayments and accrued income | 18,082 | 1,684 |
| | <u>58,633</u> | <u>42,423</u> |

9 Creditors: Amounts falling due within one year

| | 1996 | 1995 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Trade Creditors | 8,449 | 36,455 |
| Amounts owed to parent undertaking | 69,659 | 21,362 |
| Other creditors | 2,479 | 1,719 |
| Accruals and deferred income | 535 | 826 |
| | <u>81,122</u> | <u>60,362</u> |

Kingston University Enterprises Limited
Notes to the accounts
for the year ended 31 July 1996

10 Creditors: Amounts falling due after one year

| | 1996 £ | 1995 £ |
|------------------------------------|-----------|---------------|
| Amounts owed to parent undertaking | <u>-</u> | <u>20,000</u> |

The loan of £20,000 was repaid during the year. Interest was payable on the loan at the rate of 2% above LIBOR.

11 Share Capital

| | 1996 £ | 1995 £ |
|---|----------------|----------------|
| Authorised: 100,000 ordinary shares of £1 each | <u>100,000</u> | <u>100,000</u> |
| | 1996 | 1995 |
| | £ | £ |
| Allotted, called up and fully paid: 100,000 ordinary shares of £1 each | <u>100,000</u> | <u>100,000</u> |

12 Reconciliation of movements in shareholders' funds

| | 1996 £ | 1995 £ |
|-------------------------------------|---------------|---------------|
| Profit for the financial period | 19,427 | 19,109 |
| Share capital subscribed | <u>90,000</u> | <u>90,000</u> |
| Net increase in shareholders' funds | 19,427 | 109,109 |
| Opening shareholders' funds | 68,444 | (40,665) |
| Closing shareholders' funds | <u>87,871</u> | <u>68,444</u> |

13 Profit and Loss Account

| | 1996 £ | 1995 £ |
|------------------------------|-----------------|-----------------|
| At 1 August | (31,556) | (50,665) |
| Retained profit for the year | 19,427 | 19,109 |
| At 31 July | <u>(12,129)</u> | <u>(31,556)</u> |

14 Ultimate Parent Undertaking

Kingston University Enterprises Limited is a wholly owned subsidiary of Kingston University Higher Education Corporation, which was created under the terms of the Further and Higher Education Act 1992. Consolidated financial statements for the University, its ultimate parent undertaking, can be obtained by writing to:

The Finance Director
Kingston University
Penrhyn Road
Kingston upon Thames
Surrey
KT1 2EE.