

KINGSTON UNIVERSITY ENTERPRISES LIMITED

COMPANY REGISTRATION NO. 2462309

FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 1998



**Kingston University Enterprises Limited
Directors' Report
Year Ended 31 July 1998**

The directors present their report, together with financial statements, for the year ended 31 July 1998.

Principal Activity

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

Results and Future Developments

There was a loss for the year amounting to £(17,967). The directors are seeking to improve the company's trading performance in future years. No dividends were paid during the year (1997: £nil).

Year 2000 Compliance

Kingston University established a steering group in July 1997 in order to co-ordinate the University and its subsidiaries' approach to the Year 2000 problem. A progress report was made to the Board in July 1998 and whilst there are still systems that are not Year 2000 compliant the plan provides for their amendment or replacement.

Directors

The directors who served during the year are:

Mr S Binnie
Dr A J H Mercer
Professor D Miles
Mr A Seth
Dr R C Smith, CBE (resigned 13 May 1998)

Directors' Interests

No director had beneficial interest in any group company at any time during the year.

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 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.

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 11 November 1998 and signed on behalf of the Board by:

A handwritten signature in dark ink, appearing to read 'A. Seth' or similar, written in a cursive style.

Mr A Seth

**Auditors' Report to the Members of
Kingston University Enterprises Limited
Year Ended 31 July 1998**

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

Respective Responsibilities of Directors and Auditors

As described on pages 1 and 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 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 judgments 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 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 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants
Registered Auditors
Columbia Centre
Market Street
Bracknell
Berkshire RG12 1PA

11 November 1998

Kingston University Enterprises Limited
Profit and Loss Account
For the Year Ended 31 July 1998

| | Note | 1998 £ | 1997 £ |
|--|------|------------------|------------------|
| Turnover | 1 | 159,297 | 202,064 |
| Cost of sales | | <u>(119,595)</u> | <u>(138,305)</u> |
| Gross profit | | 39,702 | 63,759 |
| Administrative expenses | | (63,050) | (83,387) |
| Other operating income | 4 | <u>-</u> | <u>11,975</u> |
| Operating loss | | (23,348) | (7,653) |
| Other interest receivable and similar income | | 4,318 | 2,787 |
| Loss on ordinary activities before taxation | 3 | <u>(19,030)</u> | <u>(4,866)</u> |
| Tax on loss on ordinary activities | 5 | (1,605) | - |
| Deed of covenant refund/(payment) | 5 | 2,668 | (2,668) |
| Retained loss for the financial year | 10 | <u>(17,967)</u> | <u>(7,534)</u> |

All results are derived from continuing operations.

There were no recognised gains or losses or other movements in shareholders' funds in this or the preceding year other than those shown above.

Kingston University Enterprises Limited
Balance Sheet
As at 31 July 1998

| | Note | 1998 | | 1997 | |
|--|------|-------------------|---------------|-------------------|---------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | 6 | | 1,550 | | 2,967 |
| CURRENT ASSETS | | | | | |
| Stock | 7 | 18,015 | | 22,702 | |
| Debtors | 8 | 42,764 | | 56,124 | |
| Cash at bank and in hand | | <u>49,787</u> | | <u>73,125</u> | |
| | | 110,566 | | 151,951 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 9 | (<u>49,746</u>) | | (<u>74,581</u>) | |
| NET CURRENT ASSETS | | | 60,820 | | 77,370 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>62,370</u> | | <u>80,337</u> |
| Represented by: | | | | | |
| Called up share capital | 10 | | 100,000 | | 100,000 |
| Profit and loss account | 10 | | (37,630) | | (19,663) |
| Equity shareholders' funds | 10 | | <u>62,370</u> | | <u>80,337</u> |

These financial statements were approved by the Board of Directors on 11 November 1998 and signed on behalf of the Board by:



Mr A Seth

Kingston University Enterprises Limited
Notes to the Financial Statements
Year Ended 31 July 1998

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 Turnover

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

c 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 | - | 3 years. |

d Stock

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

e 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.

2. STAFF AND DIRECTORS

The average number of employees (excluding directors) during the year was 3 (1997: 3). For these employees, salary costs were:

| | 1998 £ | 1997 £ |
|---------------------------------|---------------|---------------|
| Wages and salaries | 51,793 | 63,246 |
| Employer's pension contribution | 618 | 618 |
| Social security costs | <u>4,585</u> | <u>5,599</u> |
| | <u>56,996</u> | <u>69,463</u> |

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

Kingston University Enterprises Limited
Notes to the Financial Statements
Year Ended 31 July 1998

**3. LOSS ON ORDINARY ACTIVITIES
BEFORE TAXATION**

| | 1998 | 1997 |
|--|------|------|
| | £ | £ |

The loss on ordinary activities
before taxation is stated after charging:

| | | |
|------------------------------|--------------|--------------|
| Audit fee | 950 | 950 |
| Depreciation on owned assets | <u>1,417</u> | <u>1,769</u> |

4. OTHER OPERATING INCOME

| | 1998 | 1997 |
|--|------|------|
| | £ | £ |

| | | |
|----------------|----------|---------------|
| Grant from DTI | <u>-</u> | <u>11,975</u> |
|----------------|----------|---------------|

5. TAXATION

| | 1998 | 1997 |
|--|------|------|
| | £ | £ |

The tax charge for the year represents:

| | | |
|---|--------------|----------|
| Underprovision in respect of previous years | <u>1,605</u> | <u>-</u> |
|---|--------------|----------|

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. FIXED ASSETS

**Computer Equipment,
Fixtures and
Fittings**
£

Cost

| | | |
|---------------------|--|---------------|
| As at 1 August 1997 | | 17,284 |
| Additions | | <u>-</u> |
| As at 31 July 1998 | | <u>17,284</u> |

Depreciation

| | | |
|---------------------|--|---------------|
| As at 1 August 1997 | | 14,317 |
| Charge for the year | | <u>1,417</u> |
| As at 31 July 1998 | | <u>15,734</u> |

Net Book Value

| | | |
|--------------------|--|--------------|
| As at 31 July 1998 | | <u>1,550</u> |
| As at 31 July 1997 | | <u>2,967</u> |

Kingston University Enterprises Limited
Notes to the Financial Statements
Year Ended 31 July 1998

| | | | |
|---|----------------|-------------------------|-----------------|
| 7. <i>STOCK</i> | 1998 | 1997 | |
| | £ | £ | |
| Finished goods for resale | <u>18,015</u> | <u>22,702</u> | |
| 8. <i>DEBTORS</i> | 1998 | 1997 | |
| | £ | £ | |
| Trade debtors | 42,191 | 55,110 | |
| Prepayments and accrued income | <u>573</u> | <u>1,014</u> | |
| | <u>42,764</u> | <u>56,124</u> | |
| 9. <i>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</i> | 1998 | 1997 | |
| | £ | £ | |
| Trade creditors | 3,265 | 586 | |
| Amounts owed to parent undertaking | 16,892 | - | |
| Other creditors | - | 9,740 | |
| Accruals and deferred income | <u>29,589</u> | <u>64,255</u> | |
| | <u>49,746</u> | <u>74,581</u> | |
| 10. <i>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</i> | | | |
| | Share Capital | Profit and Loss Account | Total |
| | £ | £ | £ |
| At 1 August 1996 | 100,000 | (12,129) | 87,871 |
| Loss for the year | <u>-</u> | <u>(7,534)</u> | <u>(7,534)</u> |
| At 31 July 1997 | 100,000 | (19,663) | 80,337 |
| Loss for the year | <u>-</u> | <u>(17,967)</u> | <u>(17,967)</u> |
| At 31 July 1998 | <u>100,000</u> | <u>(37,630)</u> | <u>62,370</u> |

The share capital consists of 100,000 authorised, allotted, called up and fully paid £1 ordinary shares.

Kingston University Enterprises Limited
Notes to the Financial Statements
Year Ended 31 July 1998

11. *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
River House
53-57 High Street
Kingston upon Thames
Surrey KT1 1LQ

Kingston University Higher Education Corporation is considered to be the controlling and ultimate controlling party of Kingston University Enterprises Limited.

12. *RELATED PARTIES*

The company has taken advantage of the exemption under FRS8 in not disclosing transactions with entities that are part of the same group. The company is a wholly owned subsidiary and its results are included in the consolidated financial statements of Kingston University.