

HADLEIGH PRODUCTS LIMITED
COMPANY REGISTRATION NO. 2863205

FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 1998



**Hadleigh Products 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 activity of the company during the year was the completion of the Kingston Hill site and the granting of a sublease over the property.

Results and Future Developments

There was a loss for the year amounting to £(569,103). 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 A Seth
Dr R C Smith, CBE (resigned 13 May 1998)
Mr A Skinner (appointed 13 May 1998)
Mr D Tuffin (appointed 13 May 1998)

Directors' Interests

No director had, during or at the end of the year, a beneficial interest in any group company.

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 :

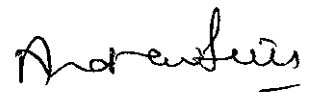
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume the company will continue in business.

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', with a horizontal line underneath.

Mr A Seth

**Auditors' Report to the Members of
Hadleigh Products 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

Hadleigh Products Limited
Profit and Loss Account
For the Year Ended 31 July 1998

	Note	1998 £	1997 £
Turnover	1	375,000	3,329
Cost of sales		<u>(4,000)</u>	<u>(3,667)</u>
Gross profit/(loss)		371,000	(338)
Administrative expenses		<u>(148,815)</u>	<u>(480)</u>
Operating profit/(loss)		222,185	(818)
Other interest receivable and similar income		22,178	3,014
Interest payable and similar charges		<u>(796,466)</u>	—
(Loss)/profit on ordinary activities before and after taxation	3	(552,103)	2,196
Deed of covenant payment	4	<u>(17,000)</u>	—
Retained (loss)/profit for the financial year	8	<u>(569,103)</u>	<u>2,196</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.

Hadleigh Products Limited
Balance Sheet
As at 31 July 1998

		1998		1997	
	Note	£	£	£	£
FIXED ASSETS	5		11,513,544		10,680,520
CURRENT ASSETS					
Debtors	6	22,009		263,164	
Cash at bank and in hand		<u>646,227</u>		<u>281,791</u>	
		668,236		544,955	
CREDITORS					
Amounts falling due within one year	7	(<u>12,755,947</u>)		(<u>11,230,539</u>)	
NET CURRENT LIABILITIES			(12,087,711)		(10,685,584)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(574,167)</u>		<u>(5,064)</u>
Represented by:					
Called up share capital	8		1,000		1,000
Profit and loss account	8		(575,167)		(6,064)
Equity shareholders' deficit	8		<u>(574,167)</u>		<u>(5,064)</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

Hadleigh Products 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 Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives.

The periods generally applicable are:

Freehold buildings	-	100 years
Equipment, fixtures and fittings	-	6 years.

c Capitalisation of Interest

Interest costs on borrowings associated with major construction projects are capitalised during the period of construction.

d Turnover

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

e Going Concern

The directors are satisfied that the company will continue to be a going concern as the company's business plan indicates that it will generate profits in the near future. The directors have no reason to believe that the business plan will not be achieved.

2. STAFF & DIRECTORS

The directors were the only employees of the company during the year. None of the directors received any emoluments during the year.

Hadleigh Products Limited
Notes to the Financial Statements
Year Ended 31 July 1998

**3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES
BEFORE AND AFTER TAXATION**

	1998 £	1997 £
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The (loss)/profit on ordinary activities
before and after taxation is stated
after charging:

Audit fee	450	450
Depreciation on owned assets	<u>147,664</u>	<u>-</u>

4. TAXATION

The company pays funds to its parent under deed of covenant, therefore there is no liability to corporation tax.

5. FIXED ASSETS

	Freehold Buildings £	Equipment, Fixtures and Fittings £	Total £
Cost			
As at 1 August 1997	10,680,520	-	10,680,520
Additions	<u>782,485</u>	<u>198,203</u>	<u>980,688</u>
As at 31 July 1998	<u>11,463,005</u>	<u>198,203</u>	<u>11,661,208</u>
Depreciation			
As at 1 August 1997	-	-	-
Charge for the year	<u>114,630</u>	<u>33,034</u>	<u>147,664</u>
As at 31 July 1998	<u>114,630</u>	<u>33,034</u>	<u>147,664</u>
Net Book Value			
As at 31 July 1998	<u>11,348,375</u>	<u>165,169</u>	<u>11,513,544</u>
As at 31 July 1997	<u>10,680,520</u>	<u>-</u>	<u>10,680,520</u>

The cost of land and buildings includes £217,025 in respect of interest capitalised (1997: £69,630).

6. DEBTORS

	1998 £	1997 £
Other debtors	18,004	260,150
Prepayments and accrued income	<u>4,005</u>	<u>3,014</u>
	<u>22,009</u>	<u>263,164</u>

Hadleigh Products Limited
Notes to the Financial Statements
Year Ended 31 July 1998

**7. CREDITORS: AMOUNTS FALLING DUE
 WITHIN ONE YEAR**

	1998 £	1997 £
Amounts due to parent undertaking	12,535,240	10,438,830
Accruals and deferred income	<u>220,707</u>	<u>791,709</u>
	<u>12,755,947</u>	<u>11,230,539</u>

**8. RECONCILIATION OF MOVEMENTS
 IN SHAREHOLDERS' FUNDS**

	Share Capital £	Profit and Loss Account £	Total £
At 1 August 1996	1,000	(8,260)	(7,260)
Profit for the year	<u>-</u>	<u>2,196</u>	<u>2,196</u>
At 31 July 1997	1,000	(6,064)	(5,064)
Loss for the year	<u>-</u>	<u>(569,103)</u>	<u>(569,103)</u>
At 31 July 1998	<u>1,000</u>	<u>(575,167)</u>	<u>(574,167)</u>

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

9. ULTIMATE PARENT UNDERTAKING

Hadleigh Products 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 can be obtained by writing to:

The Finance Director
 Kingston University
 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 Hadleigh Products Limited.

Hadleigh Products Limited
Notes to the Financial Statements
Year Ended 31 July 1998

10. *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.