

**EDGE HILL
L R C LIMITED**

**REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

Registered No. 2864238



EDGE HILL LRC LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

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EDGE HILL LRC LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 1999

The directors present their report and the audited financial statements of the company for the year to 31 July 1999.

Principal activities

The profit and loss account for the period is set out on page 6.

The company's activities are in relation to property management and will continue until a complete restructuring of the property companies in the group comprising of college and its subsidiaries has been completed.

Review of business and future developments

The directors consider the result and the financial position of the company at 31 July 1999 to be satisfactory. The college being the sole member intends to instigate a members voluntary winding up resolution in the coming year.

The company made no taxable profit for the year and therefore no liability to Corporation Tax arises.

Directors

The directors of the company during the year were as follows :

R A Wilson (Chairman)
M R Flinn
B D Millner
Dr J Cater

In accordance with the Articles of Association, B. D. Millner and Dr J. Cater retire by rotation and, being eligible, offer themselves for re-election.

Directors' interests

The Directors have no financial interests in the company or other group companies with the exception of one ordinary £1 share in Edge Hill Enterprises Limited held by R A Wilson.

EDGE HILL LRC LIMITED

DIRECTORS' REPORT (CONTINUED)

Insurance of directors

The company maintains insurance for the directors of Edge Hill LRC Limited in respect of their duties as directors of the company.

Close company provisions

The company is a close company as defined by Section 414 of the Income and Corporation Taxes Act 1988. There has been no change in this respect since the end of the financial period.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 July 1999. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Millennium IT Risk

The Year 2000 issue, which stems from computer programs and microchips using two digits rather than four to define the applicable year, could result in processing faults on the change of the century, producing a wide range of consequences.

The company has conducted a review of its critical business systems, with the affected systems to be replaced or updated to ensure Year 2000 compliance by the end of 1999.

The company's operations are exposed, to an unquantifiable degree, to the failure of third parties to deal with their Year 2000 exposures. To mitigate against this risk, we have an evaluation process designed to monitor the Year 2000 status of key suppliers.

The directors do not consider the incremental costs of the Year 2000 review which have been incurred to date and to be incurred in the future to be significant.

EDGE HILL LRC LIMITED

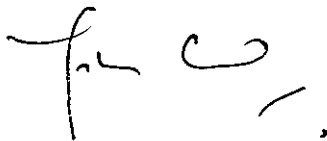
DIRECTORS' REPORT (CONTINUED)

The cost of ensuring Year 2000 compliance has been absorbed in either the capital or revenue costs incurred as the Year 2000 review is part of the normal continuous cycle of hardware and software systems replacement with the Year 2000 being brought into consideration at the decision stage.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'J. Cater', with a stylized flourish at the end.

**Dr. J Cater
Director**

18 October 1999

EDGE HILL LRC LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF EDGE HILL LRC LIMITED

We have audited the financial statements on pages 6 to 10, which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 2 the financial statements. Our responsibilities, as independent auditors, are established 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 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.

EDGE HILL LRC LIMITED

**REPORT OF THE AUDITORS TO THE MEMBERS OF
EDGE HILL LRC LIMITED (CONTINUED)**

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
Liverpool

18 October 1999

EDGE HILL LRC LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 1999

	NOTE	1999 £000	1998 £000
Turnover	1	-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		(3)	(4)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	2	(3)	(4)
Taxation on ordinary activities		-	-
		<hr/>	<hr/>
Retained loss for the year		(3)	(4)
		<hr/>	<hr/>

The company has no recognised gains and losses other than the loss for the period, and therefore no statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above, and their historical cost equivalents.

All income and expenditure relates to continuing operations.

The notes on pages 8 to 10 form an integral part of the financial statements.


EDGE HILL LRC LIMITED**BALANCE SHEET
AT 31 JULY 1999**

	NOTE	1999 £000	1998 £000
CURRENT ASSETS			
Debtors	5	1,486	1,486
Cash at bank and in hand		2	1
		<u>1,488</u>	<u>1,487</u>
NET ASSETS			
Creditors : amounts falling due within one year	6	(15)	(11)
		<u>1,473</u>	<u>1,476</u>
CAPITAL AND RESERVES			
Called-up share capital	7	1,486	1,486
Revenue Reserve	7	(13)	(10)
Equity Shareholders' Funds	8	<u>1,473</u>	<u>1,476</u>

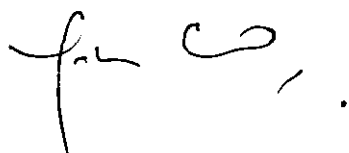
The notes on pages 8 to 10 form an integral part of the financial statements.

The financial statements on pages 6 to 10 were approved by the Board of Directors on 18 October 1999 and were signed on its behalf by :

R A Wilson
Director



Dr J Cater
Director



EDGE HILL LRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1999

1. PRINCIPAL ACCOUNTING POLICIES

These financial statements have been prepared in accordance with applicable Accounting and Financial Reporting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

The company has no tangible fixed assets.

Cash at Bank

The policy of the company is to state bank and cash balances as the bank statement balance and to include within trade creditors those cheques which have not yet been presented for payment at the bank. Uncredited lodgements are included within trade debtors.

Cash flow statement

The company is a wholly owned subsidiary of a UK parent corporation which itself produces a consolidated group cash flow statement in accordance with applicable accounting standards. The company has, therefore, taken advantage of the exemption granted by FRS 1 : Cash Flow Statements, not to produce its own cash flow statement.

Related Parties Disclosure

The company is a member of a group with an interest exceeding 90% and is included within the consolidated financial statements of Edge Hill College of Higher Education which are publicly available.

The company has taken advantage of the exemption permitted by FRS8: Related Party Disclosures, not to disclose transactions with other group companies.

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging :

	1999 £000	1998 £000
Auditors' remuneration for audit services	1	1
	<u> </u>	<u> </u>

Remuneration of the company's auditors for provision of non-audit services was £50. (1998 : £1,000)

EDGE HILL LRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. DIRECTORS' EMOLUMENTS

There were no payments to directors for their services during the period.

4. EMPLOYEE INFORMATION

The company did not have any employees in the period; accordingly no staff costs were incurred.

5. DEBTORS

	1999 £000	1998 £000
Loan due from parent institution within 1 year	1,486	1,486
	<u>1,486</u>	<u>1,486</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £000	1998 £000
Amounts due to parent institution	13	10
Accruals and deferred income	<u>2</u>	<u>1</u>
	<u>15</u>	<u>11</u>

The company, along with other companies in the group, has entered into various property leases the resulting assets and liabilities are reflected as inter company assets and liabilities where appropriate.

EDGE HILL LRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. CALLED UP SHARE CAPITAL AND EQUITY SHAREHOLDERS' FUNDS

(a) Share Capital	1999 £000	1998 £000
Authorised		
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted and called up		
1,486,000 ordinary shares of £1 each	<u>1,486</u>	<u>1,486</u>
(b) Revenue Reserve	£000	
At 1 August 1998	(10)	
Retained loss for the year	(3)	
	<hr/>	
At 31 July 1999	<u>(13)</u>	

8. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	1999 £000	1998 £000
Opening Shareholders' Funds	1,476	1,480
Loss for the year	(3)	(4)
	<hr/>	<hr/>
Closing Shareholders' Funds	<u>1,473</u>	<u>1,476</u>

9. ULTIMATE HOLDING INSTITUTION AND CONTROLLING PARTY

The directors regard Edge Hill College of Higher Education, which is a body registered in the United Kingdom under the Education Reform Act 1988, as the ultimate holding institution and controlling party. Copies of the consolidated accounts of the Edge Hill Group may be obtained on request from the Director of Resources, Edge Hill College of Higher Education, St. Helens Road, Ormskirk L39 4QP.