

EDGE HILL
L R C LIMITED

REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1997



Registered No. 2864238

EDGE HILL LRC LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1997

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EDGE HILL LRC LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 1997

The directors present their report and the audited financial statements for the year to 31 July 1997.

Principal activities

The profit and loss account for the period is set out on page 4.

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

Review of business and future developments

The directors consider the result and the financial position of the company at 31 July 1997 to be satisfactory. It is expected that this will continue for the foreseeable future.

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.

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.

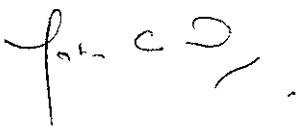
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 July 1997. The directors also confirm that applicable accounting standards 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, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the Board



Dr. J Cater
Director

20 October 1997

EDGE HILL LRC LIMITED

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

We have audited the financial statements on pages 4 to 8.

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.

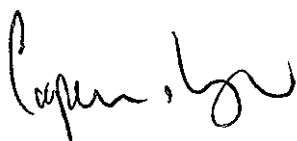
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes 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 1997 and of its result and for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Liverpool

20 October 1997

EDGE HILL LRC LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 1997

| | NOTE | 1997 £000 | 1996 £000 |
|---|------|--------------|--------------|
| Turnover | 1 | 19 | 130 |
| Cost of sales | | (12) | - |
| | | <hr/> | <hr/> |
| Gross profit | | 7 | 130 |
| Administrative expenses | | (13) | (130) |
| | | <hr/> | <hr/> |
| Loss on ordinary activities before taxation | 2 | (6) | - |
| Taxation on ordinary activities | | - | - |
| | | <hr/> | <hr/> |
| Retained loss for the year | | (6) | - |
| | | <hr/> <hr/> | <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 6 to 8 form an integral part of the financial statements.

EDGE HILL LRC LIMITED

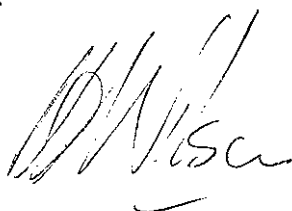
BALANCE SHEET AT 31 JULY 1997

| | NOTE | 1997 £000 | 1996 £000 |
|--|------|-------------------|-------------------|
| Current assets | | | |
| Debtors : | | | |
| Amounts falling due within one year | 5 | 1,486 | 1,599 |
| Amounts falling due after one year | 5 | - | - |
| Cash at bank and in hand | | - | 34 |
| | | <hr/> 1,486 | <hr/> 1,633 |
| Creditors : amounts falling due within one year | 6 | (6) | (147) |
| | | <hr/> | <hr/> |
| NET ASSETS | | <hr/> <hr/> 1,480 | <hr/> <hr/> 1,486 |
| CAPITAL AND RESERVES | | | |
| Share capital : Equity shareholders' funds | 7 | 1,486 | 1,486 |
| Revenue Reserves | | (6) | - |
| | | <hr/> 1,480 | <hr/> 1,486 |
| | | <hr/> <hr/> | <hr/> <hr/> |

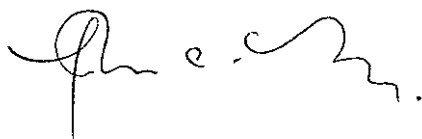
The notes on pages 6 to 8 form an integral part of the financial statements.

The financial statements on pages 4 to 8 were approved by the Board of Directors on 20 October 1997 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 1997

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting 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.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied and accrued rent.

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.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated
after charging :

| | 1997 £000 | 1996 £000 |
|---|--------------|--------------|
| Auditors' remuneration for audit services | 1 | 1 |
| Deed of covenant to Edge Hill College of Higher Education | - | 45 |
| | <hr/> | <hr/> |

Under a Deed of Covenant dated 4 January 1994, Edge Hill LRC Limited has agreed to pay to Edge Hill College of Higher Education, an amount equal to the taxable profit of the company annually until the end of the period ending 31 March 1998 or until the annual sums payable under the deed cease to be a charge on the income of the company for the purposes of corporation tax. The company made a gross deed of covenant payment for the tax accounting period of Nil (1996 : £45,000).

Remuneration of the company's auditors for provision of non-audit services was £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

| | 1997 £000 | 1996 £000 |
|--|--------------|--------------|
| Loan due from parent institution within 1 year | 1,486 | 1,486 |
| Amount due from parent institution within 1 year | - | 113 |
| | <u>1,486</u> | <u>1,599</u> |

6. CREDITORS - PAYABLE WITHIN 1 YEAR

| | 1997 £000 | 1996 £000 |
|--------------------------------------|--------------|--------------|
| Amounts due to parent institution | 5 | 80 |
| Amounts due to other group companies | - | 43 |
| Income tax | - | 23 |
| Accruals and deferred income | <u>1</u> | <u>1</u> |
| | <u>6</u> | <u>147</u> |

The company, along with other companies in the group, has entered into various property leases which 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**

| | 1997 | 1996 |
|---|--------------|--------------|
| | £000 | £000 |
| Authorised | | |
| 2,000,000 ordinary shares of £1 each | <u>2,000</u> | <u>2,000</u> |
| Allotted, called up and fully paid | | |
| 1,486,000 ordinary shares of £1 each | <u>1,486</u> | <u>1,486</u> |

8. ULTIMATE HOLDING INSTITUTION

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. Copies of the consolidated accounts of the Edge Hill University Group may be obtained on request from the Head of Finance and Resources, Edge Hill University College, St. Helens Road, Ormskirk L39 4QP.