

**EDGE HILL
L R C LIMITED**

**REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004**

Registered No. 2864238



EDGE HILL LRC LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004**

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EDGE HILL LRC LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2004

The directors present their report and the audited financial statements of the company for the year to 31 July 2004.

Principal activities

The profit and loss account for the period is set out on page 5.

The company's activities are in relation to property management.

Review of business and future developments

The directors consider the result and the financial position of the company at 31 July 2004 to be satisfactory.

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:

M R Flinn
B D Millner (Chairman resigned 6th October 2003)
Dr J Cater
D M Tomkins (Chairman from 6th October 2003)

In accordance with the Articles of Association, M R Flinn and D M Tomkins retire by rotation and, being eligible offer themselves for re-election.
On the 1st August 2004 Michael Pinfold was appointed a director.

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.

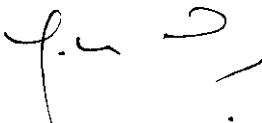
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 July 2004. The directors also confirm that applicable accounting standards 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.

Auditors

A resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



Dr J Cater
Director
11th October 2004

EDGE HILL LRC LIMITED

REPORT OF INDEPENDENT AUDITORS, KPMG LLP, TO THE MEMBERS OF EDGE HILL LRC LIMITED

We have audited the financial statements on pages 5 to 9.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 1985. 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 with the company is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We 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.

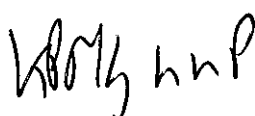
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 INDEPENDENT AUDITORS, KPMG LLP, 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 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'W. M. G. h n p', is written above the printed name of the auditor.

KPMG LLP
Chartered Accountants and Registered Auditor
St James' Square
Manchester
M2 6DS
11th October 2004

EDGE HILL LRC LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2004

	NOTE	2004 £000	2003 £000
Turnover	1	-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		(2)	(1)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	2	(2)	(1)
Taxation on ordinary activities		-	-
		<hr/>	<hr/>
Retained loss for the year		<u>(2)</u>	<u>(1)</u>

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 7 to 9 form an integral part of the financial statements.

EDGE HILL LRC LIMITED

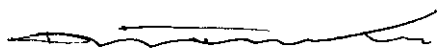
BALANCE SHEET AT 31 JULY 2004

	NOTE	2004 £000	2003 £000
CURRENT ASSETS			
Debtors	5	1,486	1,486
Cash at bank and in hand		5	7
		<u>1,491</u>	<u>1,493</u>
Creditors: amounts falling due within one year	6	(23)	(23)
		<u>1,468</u>	<u>1,470</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called-up share capital	7	1,486	1,486
Revenue Reserve	7	(18)	(16)
		<u>1,468</u>	<u>1,470</u>
Equity Shareholders' Funds	8	<u>1,468</u>	<u>1,470</u>

The notes on pages 7 to 9 form an integral part of the financial statements.

The financial statements on pages 5 to 9 were approved by the Board of Directors on 11th October 2004 and were signed on its behalf by:

D M Tomkins
Director



Dr J Cater
Director



EDGE HILL LRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2004

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

Profit on ordinary activities before taxation is stated
after charging:

	2004 £000	2003 £000
Auditors' remuneration for audit services	<u>1</u>	<u>-</u>

Remuneration of the company's auditors for provision of non-audit services was £1,098 (2003: £384)

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

	2004 £000	2003 £000
Loan due from parent institution within 1 year	<u>1,486</u>	<u>1,486</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £000	2003 £000
Amounts due to parent institution	21	21
Accruals and deferred income	2	1
Other Creditors	<u>-</u>	<u>1</u>
	<u>23</u>	<u>23</u>

EDGE HILL LRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. CALLED UP SHARE CAPITAL AND EQUITY SHAREHOLDERS' FUNDS

		2004	2003
		£000	£000
(a) Share Capital			
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	£000
At 1 August 2003		(16)	(15)
Retained loss for the year		<u>(2)</u>	<u>(1)</u>
At 31 July 2004		<u>(18)</u>	<u>(16)</u>

8. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2004	2003
	£000	£000
Opening Shareholders' Funds	1,470	1,471
Loss for the year	<u>(2)</u>	<u>(1)</u>
Closing Shareholders' Funds	<u>1,468</u>	<u>1,470</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.