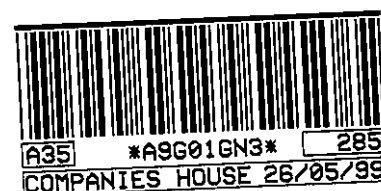


**BREWLAB LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE 7 MONTHS ENDED 31 JULY 1998**

**REGISTERED NUMBER 3297769**



**REPORT AND FINANCIAL STATEMENTS FOR THE 7 MONTHS ENDED 31 JULY  
1998**

**C O N T E N T S**

	<b><u>Page</u></b>
Report of the Directors	1
Directors' Statement of Responsibilities	3
Report of the Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Statement of Total Recognised Gains and Losses	7
Notes to the Financial Statements	8 - 11

## **BREWLAB LIMITED**

### ***Report of the Directors for the 7 months ended 31 July 1998***

The directors present herewith their report and the audited financial statements of Brewlab Limited for the 7 months ended 31 July 1998.

#### **Principal Activities**

The company's principal activities are the provision of training courses and consultancy services related to the brewing of beer.

#### **Review of the business**

Turnover for the 7 months ended 31 July 1998 was £16,856 and reflects the commencement of trade on 6 April 1998. An operating loss of £21,742 was incurred.

#### **Fixed assets**

During the period the directors revalued the plant and equipment, see Note 6.

#### **Directors**

The directors of the company during the period were:-

Prof. J.R. Brown	Appointed	02.04.98
Mr. I.M. Burns	Appointed	02.04.98
Dr. J.M. Sneddon	Appointed	02.04.98
Dr. K.R. Thomas	Appointed	02.04.98
Dr. S.J. Usher	Appointed	02.04.98
WB Company Directors Ltd	Resigned	02.04.98

#### **Directors' interests in shares**

The directors who held office at the end of the period had the following interests in the ordinary shares of the company according to the register of directors' interest.

	Interest at end of year No. of shares	Interest at date of appointment No. of shares
Dr. K.R. Thomas	3	3
Dr. S.J. Usher	1	1

None of the other directors who held office at the end of the period had any disclosable interest in the shares of the company.

**BREWLAB LIMITED**

***Report of the Directors  
For the 7 months ended 31 July 1998***

**Year 2000**

The Board is aware of the importance of and the effect that this issue presents to many areas of its business, both from the internal perspective and also its relationship with the outside world.

As a consequence of this, the Board has taken specific and timely measures to attempt to anticipate and address known and foreseeable problem areas which affect its operations. An extensive programme of testing systems and a programme for vetting suppliers is ongoing and will be complete in the next few months. Any system found to be non-compliant during the analysis will be replaced or made compliant. However, no set of measures can absolutely guarantee coverage of all the issues involved.

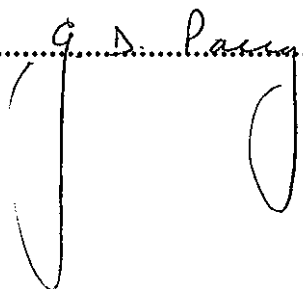
**Auditors**

In accordance with Section 384 of the Companies Act, 1985, a resolution for re-appointment of KPMG as auditors of the company will be proposed at the forthcoming Annual General Meeting.

**BY ORDER OF THE BOARD**

John David Pacey  
Company Secretary

Langham Tower  
Ryhope Road  
SUNDERLAND

.....*J. D. Pacey*.....  


## **BREWLAB LIMITED**

### ***Directors' statement of responsibilities***

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 and of the profit or loss for that year. In preparing those 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;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **BREWLAB LIMITED**

### ***Report of the Auditors, KPMG, to the members of Brewlab Limited***

We have audited the financial statements on pages 5 to 11.

#### **Respective Responsibilities of Directors and Auditors**

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of our 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 mis-statement, 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 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Quayside House  
110 The Quayside  
Newcastle-Upon-Tyne

*KPMG/*

KPMG  
Chartered Accountants  
Registered Auditors

3 November 1998

**BREWLAB LIMITED**

**PROFIT AND LOSS ACCOUNT**  
For the 7 months ended 31 July 1998

	Note	7 Months to 31 July 1998 £	Period to 31 December 1997 £
TURNOVER from continuing			
Operations	1	16,856	-
Operating costs		(38,598)	-
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2 - 4	(21,742)	-
Tax on loss on ordinary activities	5	-	-
		<hr/>	<hr/>
LOSS FOR THE PERIOD	10	(21,742)	-
		<hr/>	<hr/>

*Note of the Historical Cost Profits and Losses*  
For the 7 months ended 31 July 1998

		7 Months to 31 July 1998 £	Period to 31 December 1997 £
Loss for the Period		(21,742)	-
Difference between historical cost depreciation charge and actual depreciation charge for the period	10	289	-
		<hr/>	<hr/>
Historical cost loss for the period		(21,453)	-
		<hr/>	<hr/>

# **BREWLAB LIMITED**

## **BALANCE SHEET**

**At 31 July 1998**

	Note	1998 £	1997 £
FIXED ASSETS	6	4,644	-
CURRENT ASSETS			
Debtors	7	7,137	1
Cash at bank and in hand		12,972	-
		<u>20,109</u>	<u>1</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(43,375)	-
NET CURRENT ASSETS		<u>(23,266)</u>	<u>1</u>
NET ASSETS		<u>(18,622)</u>	<u>1</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	9	20	1
PROFIT AND LOSS ACCOUNT	10	(21,453)	-
REVALUATION RESERVE	10	2,811	-
SHAREHOLDERS' FUNDS		<u>(18,622)</u>	<u>1</u>

These financial statements were approved by the

Board of Directors on ... 3<sup>rd</sup> November 1998 ...

and were signed on its behalf by:

*I. Burns*

I.M. BURNS  
Director



**BREWLAB LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the 7 Months Ended 31 July 1998**

	<b>7 Months to 31 July 1998</b>	<b>Period to 31 December 1997</b>
	<b>£</b>	<b>£</b>
Loss for the period	(21,742)	-
Unrealised surplus on revaluation of fixed assets	3,100	-
Total gains and losses	<u>(18,642)</u>	<u>-</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**For the 7 Months Ended 31 July 1998**

	<b>7 months to 31 July 1998</b>	<b>Period to 31 December 1997</b>
	<b>£</b>	<b>£</b>
Loss for the period	(21,742)	-
Other recognised gains and losses	3,100	-
Net shares subscribed	19	1
Net (reduction)/increase in shareholders' funds	<u>(18,623)</u>	<u>1</u>
Opening shareholders' funds	1	-
Closing shareholders' funds	<u>(18,622)</u>	<u>1</u>

## **BREWLAB LIMITED**

### **Notes to the Financial Statements**

#### **1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

##### **(a) Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain fixed assets.

The financial statements have been prepared on a going concern basis on the understanding that the parent undertaking will continue to support the company in the foreseeable future.

##### **(b) Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

##### **(c) Taxation**

The charge or credit for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accountancy purposes respectively.

#### **2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

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

	1998 £	1997 £
Auditors' remuneration	500	-
	<hr/>	<hr/>

#### **3. DIRECTORS' REMUNERATION**

	7 months to 31 July 1998 £	Period to 31 December 1997 £
Directors' emoluments	5,233	-
	<hr/>	<hr/>

## **BREWLAB LIMITED**

### **Notes to the Financial Statements (Continued)**

#### **4. STAFF NUMBERS AND COSTS**

The company employed an average (including director) of eight members of staff since starting operations in April 1998.

The aggregate payroll costs of these persons were as follows:-

	7 months to 31 July 1998 £	Period to 31 December 1997 £
Wages and salaries	15,761	-
Social Security Costs	1,220	-
	<u>16,981</u>	<u>-</u>

#### **5. TAXATION**

There is no tax charge based on the loss for the period and tax losses of £21,496 are available to offset against future profits.

#### **6. TANGIBLE FIXED ASSETS**

	Plant And Equipment £
<b>Cost or valuation:</b>	
At 1 January 1998	-
Additions during the period	1,946
Revaluation during the period	3,100
<b>At 31 July 1998</b>	<u><b>5,046</b></u>
<b>Depreciation:</b>	
At 1 January 1998	-
Charge for the period	402
<b>At 31 July 1998</b>	<u><b>402</b></u>
<b>Net book value:</b>	
<b>At 31 July 1998</b>	<u><b>4,644</b></u>
<b>At 31 July 1997</b>	<u><b>-</b></u>

**BREWLAB LIMITED****Notes to the Financial Statements (Continued)****7. DEBTORS**

	1998 £	1997 £
Amounts owed by parent undertaking	1	1
Trade Debtors	7,117	-
Other Debtors	19	-
	<u>7,137</u>	<u>1</u>

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

	1998 £	1997 £
Trade creditors	2,400	-
Amount owed to parent undertaking	35,255	-
Accruals and deferred income	4,528	-
Other creditors	1,192	-
	<u>43,375</u>	<u>-</u>

**9. CALLED UP SHARE CAPITAL**

	1998 £	1997 £
<b>Authorised:</b> 1000 shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid:</b> 20 shares of £1 each (1997 : 1 share)	<u>20</u>	<u>1</u>

## **BREWLAB LIMITED**

### ***Notes to the Financial Statements (Continued)***

#### **10. RESERVES**

	<b>Profit and Loss Account</b>	<b>Revaluation Reserve</b>
	<b>£</b>	<b>£</b>
At 1 January 1998	-	-
Loss for the period	(21,742)	-
Revaluation in the period	-	3,100
Transfer	289	(289)
<b>At 31 July 1998</b>	<b>(21,453)</b>	<b>2,811</b>

#### **11. PARENT UNDERTAKING**

80% of the company's issued share capital is owned by the University of Sunderland Enterprises Ltd., a company incorporated in Great Britain and registered in England and Wales.

The Ultimate holding company is the University of Sunderland, incorporated in England as an independent Higher Education Corporation under the provisions of the Education Reform Act, 1998.