

BRUNEL UNIVERSITY ENTERPRISES LIMITED

DIRECTORS' REPORT AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2004



Company No. 4237327

**BRUNEL UNIVERSITY ENTERPRISES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004**

DIRECTORS

K. Robson	from 19 June 2001
A.W. Hall	from 15 October 2001 to 3 September 2003
S.R.Hodkinson	from 15 October 2001
N. Ladommatos	from 15 October 2001 to 17 December 2003
T.A.C. Webb	from 22 May 2002
T. Holloway	from 19 February 2003
C.V.G. Allport	from 11 June 2003
M.D.H. Bloom	from 11 June 2003
A. Simon	from 17 December 2003
G.A. Irwin	from 24 January 2004 to 21 September 2004

SECRETARY

J.A.Clifford	to 3 September 2003
L. Glassberg	from 3 September 2003

REGISTERED OFFICE

Brunel Enterprise Centre
Brunel University
Uxbridge
Middlesex
UB8 3PH

COMPANY NUMBER

4237327

BANKERS

HSBC Bank plc
PO Box 41
High Street
Uxbridge
Middlesex
UB8 1BY

AUDITORS

PricewaterhouseCoopers LLP
Southwark Towers
32 London Bridge Street
London SE1 9SY

**BRUNEL UNIVERSITY ENTERPRISES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 JULY 2004**

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BRUNEL UNIVERSITY ENTERPRISES LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2004

The directors present their report and the financial statements for the year ended 31 July 2004.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each accounting period which give a true and fair view of the state of affairs of the company, and of the profit or loss of the company for that period. 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 the 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 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.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The company's principal activity is the commercial exploitation of intellectual property created within Brunel University. It plans to hold major interests in spin-out companies and smaller participating interests in licensees of the University's intellectual property. It is also the parent company of Brunel Science Park Limited, a Science Park operating company, and Episport Limited, a company formed for the purpose of holding interests in businesses with a connection to sport and exercise physiology.

The entire share capital of Brunel University Services Limited was purchased from the Company at its net asset value on 1 January 2003 by Brunel University.

The results for the year ended 31 July 2004 are set out on page 7.

The directors are of the view that, because the activities of BUEL and BSPL are so closely connected, it is in the best interests of both companies that they merge under the BUEL name. This will help to ensure a more financially robust entity. The directors will be pursuing this objective in the coming year. In light of this, the directors consider that preparing accounts on a going concern basis is appropriate.

BRUNEL UNIVERSITY ENTERPRISES LIMITED
DIRECTORS' REPORT FOR THE
YEAR ENDED 31 JULY 2003 (Continued)

DIVIDENDS

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the period and their beneficial interests in the issued ordinary share capital were as follows:

K. Robson	NIL
A.W. Hall (resigned 3.9.2003)	NIL
S.R.Hodkinson	NIL
N. Ladommatos (resigned 17.12.2003)	NIL
T.A.C. Webb	NIL
T. Holloway	NIL
C.V.G. Allport	NIL
M.D.H. Bloom	NIL
A. Simon (from 17.12.2003)	NIL
G.A. Irwin (from 24.1.2004 to 21.9.2004)	NIL

AUDITORS

Elective resolutions being in place, the company has dispensed with the obligation to re-appoint PricewaterhouseCoopers LLP as auditors annually.

OWNERSHIP

The company is wholly owned by Brunel University, a Charter Corporation governed by the laws of England.

This report was approved by the board and signed on its behalf on 1 December 2004.



L. Glassberg
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRUNEL UNIVERSITY ENTERPRISES LIMITED

We have audited the financial statements which comprise; the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 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. The other information comprises only the directors' report.

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.

**INDEPENDENT AUDITORS' REPORT TO THE
MEMBERS OF BRUNEL UNIVERSITY ENTERPRISES LIMITED (Continued)**

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 July 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

13 December 2004

BRUNEL UNIVERSITY ENTERPRISES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2004

	Year to 31 July 2004	Year to 31 July 2003
	£	£
Turnover	0	0
Cost of sales	0	0
Gross profit	<u>0</u>	<u>0</u>
Miscellaneous income	750	0
Administration expenses	(200,267)	(160,993)
Dividends from shares in group undertakings	0	135,000
Operating Loss	<u>(199,517)</u>	<u>(25,993)</u>
Interest receivable	89	191
Loss on ordinary activities before taxation	<u>(199,428)</u>	<u>(25,802)</u>
Tax on profit on ordinary activities	0	0
Loss on ordinary activities after taxation	<u>(199,428)</u>	<u>(25,802)</u>
Dividends	0	0
Retained Loss for the year	<u><u>(199,428)</u></u>	<u><u>(25,802)</u></u>

All results are from continuing operations

In the year, there was no difference between the loss on ordinary activities after taxation and the retained loss for the year stated above and their historical cost equivalents.

In the year, the company had no recognised gains or losses other than the loss above and therefore no separate statement of total recognised gains and losses was presented.

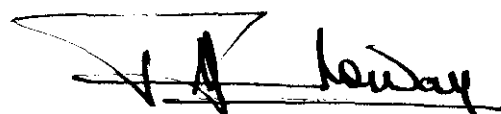
The notes on pages 9 to 11 form part of these financial statements.

BRUNEL UNIVERSITY ENTERPRISES LIMITED
BALANCE SHEET
AT 31 JULY 2004

		As at 31 July 2004 £	As at 31 July 2003 £
FIXED ASSET INVESTMENTS	Note 7		
Shares in group undertakings		155	114
Participating interests		<u>55,155</u>	<u>55,029</u>
		55,310	55,143
CURRENT ASSETS			
Debtors:	Note 8		
due within one year		22,935	26,417
due after one year		<u>61,000</u>	<u>50,000</u>
		83,935	76,417
Cash at bank and in hand		<u>33,672</u>	<u>2,932</u>
		117,607	79,349
Creditors (amounts falling due within one year)	Note 9	287,728	49,875
NET CURRENT (LIABILITIES)/ASSETS		<u>(170,121)</u>	<u>29,474</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(114,811)</u>	<u>84,617</u>
NET (LIABILITIES)/ASSETS		<u>(114,811)</u>	<u>84,617</u>
CAPITAL AND RESERVES			
Called-up share capital	Note 10	1	1
Profit and loss account		<u>(114,812)</u>	<u>84,616</u>
		(114,811)	84,617
EQUITY SHAREHOLDER'S FUNDS	Note 13	<u>(114,811)</u>	<u>84,617</u>

The notes on pages 9 to 11 form part of these financial statements.

The financial statements were approved by the board and signed on its behalf on 1 December 2004.



T Holloway
Director

BRUNEL UNIVERSITY ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with applicable UK Accounting Standards. The financial statements have been prepared on the going concern basis, and the directors consider that this is appropriate given that they are considering a merger with Brunel Science Park Limited.

Fixed Assets

Fixed asset investments are valued at cost and are reviewed for impairment by the directors.

Deferred taxation

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date, to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in financial statements.

Cash flow statement and consolidation

The company has taken advantage of the exemption in Financial Reporting Standard 1 from producing a cash flow statement on the grounds that it is a small company as defined in s246 to s249 of the Companies Act 1985.

The company has chosen to take advantage of the exemption provided in s248 of the Companies Act 1985 that exempts a parent company from preparing consolidated financial statements on the basis that the company is small sized.

2. OPERATING LOSS

	2003-04	2002-03
Operating loss is stated after charging:		
Auditors' remuneration	<u>£2,000</u>	<u>£1,800</u>

3. DIRECTORS' EMOLUMENTS

Directors' emoluments of £80,364 were paid or payable by the company during the year (2003 - Nil). These are included in the staff costs of £102,133.

4. EMPLOYEE INFORMATION

The number of persons employed during the period was 1.8 full-time equivalents (2003 - 1). The employees received non-pensionable salaries of £102,133 for the year (2003 - £66,118), and these are included in Administration Expenses. One of the employees has joined a defined contribution stakeholder pension scheme, to which the company makes a contribution.

	2003-04	2002-03
Salaries and wages	£89,082	£56,845
Social security costs	£10,757	£6,340
Pension costs	<u>£2,294</u>	<u>£2,933</u>
	<u>£102,133</u>	<u>£66,118</u>

5. INTEREST RECEIVABLE

	2003-04	2002-03
Bank interest receivable	<u>£89</u>	<u>£191</u>

6. TAXATION

No liability to Corporation Tax is expected to crystallise in respect of the results for this accounting period (2003 - Nil).

BRUNEL UNIVERSITY ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 JULY 2004

7. INVESTMENTS

	Group undertakings £	Participating interests £
At 1 August	114	55,029
Additions in year	50	126
Disposals in year	(9)	0
At 31 July	155	55,155

Investments in subsidiaries:

	Number of shares held	Nominal value £	Cost £	% of issued share capital
Brunel Science Park Limited	1	£1	1	100%
Episport Limited	1	£1	1	100%
Learning Interactive Limited *	49	£1	49	100%
Performance Brunel *	1	£1	1	100%
Purebreathe Limited *	1	£1	1	100%
Rheumatix Limited *	100	£1	100	100%
Sound Innovations Limited *	1	£1	1	100%
Synbiogen Limited *	1	£1	1	100%
			£155	

Participating interests:

Ability Products Limited *	5	£1	£5	50%
Active Fasteners Limited	18	20p	£7	18.8%
Advanced Acoustic Emissions	98	£1	£98	49%
BioRegional MiniMills (UK) Limited *	2	£1	£2	0.5%
Cascade Fund Management Limited	20	£1	£20	20%
Dynamic Extractions Limited #	224	20p	£35,000	22.4%
Extansys Limited *	24	£1	£24	24%
Polymus Limited	15	£1	£10,000	10%
R.T. Circuits Limited	6,667	50p	£9,999	0.2%
			£55,155	

* Dormant from incorporation to 31 July 2004

Options on a further 20.1%

8. DEBTORS

	2004 £	2003 £
Debtors due within one year:		
Debtors	0	1
Value added tax recoverable	2,935	6,416
Amounts owed by group undertakings:		
Episport Limited	20,000	20,000
	£22,935	£26,417
Debtors due after one year:		
Loan to Cascade Fund Limited Partnership	50,000	50,000
Loan to Dynamic Extractions Limited	11,000	0
	£61,000	£50,000

The amounts owed by Group undertakings are unsecured, interest-free, and have no fixed date for repayment.

9. CREDITORS: amounts falling due within one year

	2004 £	2003 £
Creditors including taxation	39,773	0
Accruals and deferred income	2,290	2,919
Amounts owing to group undertaking:		
Brunel Science Park Limited	7,701	34,031
Amounts owing to parent undertaking:		
Brunel University	237,964	12,925
	£287,728	£49,875

The amounts owed to Group undertakings are unsecured, interest-free, and have no fixed date for repayment.

BRUNEL UNIVERSITY ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 JULY 2004

10. CALLED-UP SHARE CAPITAL

		2004	2003
Authorised:	1000 Ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
Allotted, issued and fully paid:	1 Ordinary shares of £1 each	<u>£1</u>	<u>£1</u>

The 1 ordinary share of £1 each, was issued at par on 19 June 2001.

11. RELATED PARTY TRANSACTIONS

The company has had material transactions with its ultimate parent, Brunel University and its subsidiaries. These transactions are eliminated in the Consolidated Financial Statements of Brunel University which are publicly available. Accordingly, the company has availed itself of the dispensation in FRS 8 not to disclose such items in these financial statements.

12. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and controlling party is Brunel University, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Brunel University's consolidated financial statements can be obtained from its administrative headquarters, Cleveland Road, Uxbridge, Middlesex, UB8 3PH.

13. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2004			2003
	Called-up share capital £	Profit and loss account £	Total shareholder's funds £	Total shareholder's funds £
At 1 August	1	84,616	84,617	110,419
Result for the period	0	(199,428)	(199,428)	(25,802)
At 31 July	<u>1</u>	<u>(114,812)</u>	<u>(114,811)</u>	<u>84,617</u>

14. CAPITAL COMMITMENTS

The company had no capital expenditure commitments at 31 July 2004 (2003 - Nil).

15. CONTINGENT LIABILITIES

In the opinion of the directors, the company had no material contingent liabilities at 31 July 2004 (2003 - Nil).