

SGBS LIMITED

Report and Accounts

31 July 2002



Registered Number 123754

DIRECTORS AND ADVISERS

DIRECTORS

Professor Jim Love (Chairman)
Professor Colin Eden
Professor Susan Shaw
Dr Peter West
Mr A Hunter
Mr T J Monaghan

SECRETARY

Mr John Rinkes

REGISTERED OFFICE

McCance Building
16 Richmond Street
GLASGOW
G1 1XQ

REGISTERED AUDITOR

Ernst & Young LLP
George House
50 George Square
GLASGOW
G2 1RR

SOLICITORS

Macdonalds
1 Claremont Terrace
GLASGOW
G3 7UQ

DIRECTORS' REPORT

The directors present their report and the audited Financial Statements for the year ended 31 July 2002.

PRINCIPAL ACTIVITIES

The principal activity of the company is ownership of the Graduate Business School building, which was leased to the University of Strathclyde until April 2002. At this time, the ground lease granted by the University of Strathclyde to SGBS Ltd expired and the building reverted to the University.

RESULTS AND DIVIDENDS

The company made a loss of £981,000 for the year ended 31 July 2002. This was in line with directors' expectations. The directors do not recommend the payment of any dividend.

DIRECTORS

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

Professor Jim Love
Professor Colin Eden
Professor Susan Shaw
Mr A Hunter
Dr Peter West
Mr T J Monaghan

DIRECTORS' INTEREST IN SHARES OF THE COMPANY

The directors at 31 July 2002 had no beneficial interest in the shares of the company during the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare Financial Statements for each financial year which 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 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 2002. 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.

FIXED ASSETS

The movements in fixed assets during the year are set out in note 6 to the Financial Statements.

By order of the Board



J Rinkes
Secretary

Glasgow

19 March 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SGBS LIMITED

We have audited the company's financial statements for the year ended 31 July 2002 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

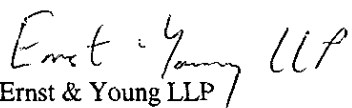
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 July 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
Glasgow

19 March 2003

SGBS Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 July 2002

	<i>Notes</i>	<i>2002</i> <i>£000</i>	<i>2001</i> <i>£000</i>
TURNOVER	1	296	420
Net operating expenses		(1,277)	(1,799)
LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	11	(981)	(1,379)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 July 2002

There were no recognised gains or losses other than the loss for the year of £981,000 (2001: £1,379,000).

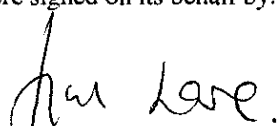
SGBS Limited

BALANCE SHEET

at 31 July 2002

	Notes	2002 £000	2001 £000
FIXED ASSETS			
Tangible assets	6	-	1,260
CURRENT ASSETS			
Debtors	7	116	123
Cash at bank and in hand		6	6
		<u>122</u>	<u>129</u>
CREDITORS: amounts falling due within one year	8	(2)	(298)
NET CURRENT ASSETS/(LIABILITIES)		<u>120</u>	<u>(169)</u>
		120	1,091
CREDITORS: amounts falling due after more than one year	9	(10,711)	(10,701)
NET LIABILITIES		<u>(10,591)</u>	<u>(9,610)</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account	11	(10,592)	(9,611)
EQUITY SHAREHOLDERS' FUNDS	12	<u>(10,591)</u>	<u>(9,610)</u>

The Financial Statements on pages 5 to 10 were approved by the board of directors on 19 March 2003 and were signed on its behalf by:



Professor Jim Love
Director

NOTES TO THE FINANCIAL STATEMENTS
at 31 July 2002

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 have been prepared under the historical cost convention.

Basis of preparation

It is the policy of the University of Strathclyde to regard its subsidiaries as going concerns, and in accordance with this policy the University will continue to provide such financial support as will enable SGBS Limited to continue as a going concern.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of building rentals.

Cash flow statement

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

Tangible fixed assets

Tangible fixed assets are stated at cost. Depreciation is provided at the undernoted annual rates using the straight line method :

Freehold building over the life of the lease	
Fixtures and fittings	20%
Plant and machinery	20%

Operating leases

Income and costs in respect of operating leases are credited or charged to the profit and loss account on a straight line basis over the lease term.

Deferred income

Income received in advance in respect of building rentals is treated as deferred income, which is then credited to the profit and loss account over the relevant portion of the remaining term of the lease.

2 DIRECTORS' EMOLUMENTS

The directors received no remuneration during the year.

3 EMPLOYEE INFORMATION

The company has no employees other than the directors.

NOTES TO THE FINANCIAL STATEMENTS continued
at 31 July 2002

4 LOSS ON ORDINARY ACTIVITIES

	2002	2001
	£000	£000
The operating loss is stated after charging :		
Depreciation on tangible fixed assets	1,260	1,777
Lease of land	10	10
	<u>1,270</u>	<u>1,787</u>

Certain administrative costs are met by the University of Strathclyde.

5 TAXATION

There is no tax charge for the year. The company's sole taxable activity is the lease of the graduate business school building, income from which is taxable on receipt. The remainder of the University of Strathclyde's lease of the building was paid in advance in the year ended 31 July 1996 and was therefore taxable at that time. Although the income from the advance lease payment was deferred in the Financial Statements there is no further tax liability on the release of this deferred income over the remaining life of the lease.

6 TANGIBLE FIXED ASSETS

	Freehold buildings £000	Fixtures and fittings £000	Plant and machinery £000	Total £000
Cost				
At 1 August 2001	9,358	552	506	10,416
Disposals	(9,358)	(552)	(506)	(10,416)
At 31 July 2002	-	-	-	-
Depreciation				
At 1 August 2001	8,098	552	506	9,156
Charge for the year	1,260	-	-	1,260
Disposals	(9,358)	(552)	(506)	(10,416)
At 31 July 2002	-	-	-	-
Net book value				
At 31 July 2002	-	-	-	-
At 31 July 2001	-	-	-	-

The 10 year ground lease granted by the University to SGBS Ltd expired in April 2002. Consequently SGBS Ltd no longer has legal title to the building which has reverted to the University of Strathclyde.

SGBS Limited

NOTES TO THE FINANCIAL STATEMENTS continued at 31 July 2002

7 DEBTORS

	2002 £000	2001 £000
Amounts falling due within one year:		
Amount due from the University of Strathclyde	116	116
Prepayments and accrued income	-	-
	<u>116</u>	<u>116</u>
Amounts falling due after more than one year:		
Insurance prepayment	-	7
	<u>116</u>	<u>123</u>

8 CREDITORS : amounts falling due within one year

	2002 £000	2001 £000
Accruals and deferred income	-	296
VAT payable	2	2
	<u>2</u>	<u>298</u>

9 CREDITORS: amounts falling due after more than one year

	2002 £000	2001 £000
Amounts due to the University of Strathclyde	10,711	10,701

Although the amount due to the University of Strathclyde is repayable on demand it is not expected that the University will request repayment within the next 12 months. The amount due is free of interest.

10 CALLED UP SHARE CAPITAL

	2002 £000	2001 £000
Authorised 1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS continued
at 31 July 2002

11 PROFIT AND LOSS ACCOUNT

	£000
At 1 August 2001	(9,611)
Loss for the year	(981)
At 31 July 2002	<u>(10,592)</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£000
Opening shareholders' funds	(9,610)
Loss for the year	(981)
Closing shareholders' funds	<u>(10,591)</u>

13 LEASING COMMITMENTS

At 31 July 2002 the company had annual commitments in respect of a non-cancellable operating lease of land as follows:

	2002 £000	2001 £000
Operating leases which expire:		
Within one year	-	10

14 PARENT BODY

The company is wholly owned by the University of Strathclyde.