

MIDDLESEX UNIVERSITY SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

31 JULY 2000



Company No. 2381821

MIDDLESEX UNIVERSITY SERVICES LIMITED

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MIDDLESEX UNIVERSITY SERVICES LIMITED

COMPANY INFORMATION

Directors	Dr A.T.D Butland Annie Kent Claire Hodson (appointed 27 June 2000)
Secretary	Chris Lang (appointed 09 June 2000) Malcolm Steele (resigned as Secretary 09 June 2000)
Registered office	Bounds Green Road London N11 2NQ
Registered number	2381821
Bankers	Co-operative Bank plc Wood Green Branch 195 High Street Wood Green London N22 6DP
Auditors	RSM Robson Rhodes Chartered Accountants Bryanston Court Selden Hill Hemel Hempstead Hertfordshire HP2 4TN

MIDDLESEX UNIVERSITY SERVICES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 31 July 2000.

Principal activities

The principal activities of the company are the supply of consultancy services and provision of other products and services to commercial clients.

Review of the business

Trading in the year 1999-2000 resulted in rise in turnover of 9% which is some 10% above budget. Profit for the year has returned on budget at £120k. This is down by some 12% on the company's overall performance in recent years 95/96, 96/97 & 97/98 and down by some 55% on 98/99's exceptional results.

The covenant has been agreed by the Auditors at £193,718 which is an improvement of 21% on the average for the 3 years 95/96, 96/97 & 97/98 (this performance again excluding 98/99's results).

Operating Profit for the year shows the impact of MoDA's under performance in licensing. The museum invoiced a total of £120k of licensing business which is some 41% down on last year. MUSL's treatment of MoDA business, which results in a direct transfer of the gross margin where no overhead is charged, has had a disproportionate and direct affect upon MUSL's reported performance.

Cost of sales includes an increase of some £150k on last year's cash investment in stock held by Teaching Resources. The net cash investment in Teaching Resources being some £450k.

Results and dividend

The loss for the year after the covenanted payment to the University of £193,718 amounted to £73,195. The directors do not recommend the payment of a dividend leaving a loss of £73,195 to be transferred to reserves.

Directors

The directors of the company at the date of this report are set out on page 1. The directors have no beneficial interest in the share capital of the company.

Directors who served during the period were:

Dr A.T.D. Butland
Annie Kent

Claire Hodson

Directors' responsibilities for financial statements

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 of the company for that period. In preparing these financial statements, the directors have ensured that:

- * suitable accounting policies have been applied consistently;
- * judgements and estimates are made that are reasonable and prudent;
- * applicable accounting standards have been followed, and
- * financial statements are prepared on a going concern basis.

MIDDLESEX UNIVERSITY SERVICES LIMITED

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.

Charitable donations

The company made charitable donations to Middlesex University under deed of covenant of £193,718.

Auditors

The auditors, RSM Robson Rhodes, have expressed their willingness to continue in office. Under an elective resolution passed by the Board re-appointment of the auditors is automatic.

The financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small entities.

The report of the directors was approved by the Board on 8 November 2000 and signed on its behalf by:



Secretary

MIDDLESEX UNIVERSITY SERVICES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF MIDDLESEX UNIVERSITY SERVICES LIMITED

We have audited the financial statements on pages 6 to 15 which have been prepared on the basis of the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on pages 3 and 4 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

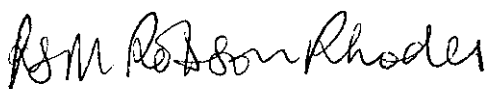
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board.

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 affairs of the company as at 31 July 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes
Chartered Accountants and Registered Auditor

Hemel Hempstead
21 December 2000

MIDDLESEX UNIVERSITY SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 July 2000

	Note	Year ended 31 July 2000 £	Year ended 31 July 1999 £
TURNOVER: continuing operations	1	2,482,862	2,287,826
Cost of sales		<u>(2,201,125)</u>	<u>(1,871,312)</u>
Gross profit		281,737	416,514
Administrative expenses		<u>(190,354)</u>	<u>(185,506)</u>
Operating profit: continuing operations	2	91,383	231,008
Interest receivable and similar income	5	29,140	35,066
Interest payable	6	<u>-</u>	<u>-</u>
		120,523	266,074
Covenant payable	7	<u>(193,718)</u>	<u>(330,000)</u>
Loss on ordinary activities before taxation		(73,195)	(63,926)
Tax on profit on ordinary activities		<u>-</u>	<u>-</u>
Loss for the financial year	14	<u><u>(73,195)</u></u>	<u><u>(63,926)</u></u>

The company has no recognised gains/(losses) other than the results for the two years ended 31 July 2000.

MIDDLESEX UNIVERSITY SERVICES LIMITED

BALANCE SHEET
at 31 July 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	8	64,959	191,504
Current assets			
Stocks	9	527,381	401,582
Debtors	10	510,533	443,681
Cash at bank and in hand		344,221	584,557
		1,382,135	1,429,820
Creditors: Amounts falling due within one year	11	(958,725)	(1,059,760)
Net current assets		423,410	370,060
Net assets		488,369	561,564
Capital and reserves			
Called up share capital	12	700,000	700,000
Profit and loss account	13	(211,631)	(138,436)
Equity shareholders' funds	14	488,369	561,564

The financial statements are prepared in accordance with the special provisions (of part VII) of the Companies Act 1985 relating to small entities.

The financial statements were approved by the Board on 8 November 2000 and signed on its behalf by:



Director

MIDDLESEX UNIVERSITY SERVICES LIMITED

**CASH FLOW STATEMENT
for the year ended 31 July 2000**

	Note	Year Ended 31 July 2000 £	Year ended 31 July 1999 £
Net cash (outflow)/inflow from operating activities	15	(269,476)	35,687
Returns on investments and servicing of finance			
Interest received		29,140	35,066
Net cash inflow from returns on investments and servicing of finance		29,140	35,066
Capital Expenditure			
Purchase of fixed assets		-	-
Net cash (outflow) from investing activities		-	-
Net cash (outflow)/inflow before financing		(240,336)	70,753
Financing			
Share capital issued		-	-
Net cash inflow from financing		-	-
(Decrease)/Increase in cash	16	(240,336)	70,753

NOTES TO THE FINANCIAL STATEMENTS
31 July 2000

ACCOUNTING POLICIES (Notes A - G)

A. Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention. The principal accounting policies which the directors have adopted are set out below.

B. Turnover

Turnover represents sales net of commissions and excluding value added tax.

C. Depreciation

Depreciation is provided in equal amounts each year in order to write off the costs of tangible assets over their anticipated useful lives. Estimated useful lives are:

Fixtures and fittings	-	4 years.
Equipment	-	5 years

D. Stocks

Stocks are stated at the lower of cost or net realisable value.

E. Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

F. Long term contracts

The attributable profit on long term contracts is ascertained by deducting planned costs from income invoiced in the year for work stages completed.

G. Foreign currency

Foreign currency amounts are translated into pounds sterling at the historical exchange rate. Foreign exchange differences are written off to the profit and loss account in the period in which they occur.

MIDDLESEX UNIVERSITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 July 2000**1. SEGMENTAL ANALYSIS**

	Year ended 31 July 2000 £	Year ended 31 July 1999 £
The analysis of turnover by activity is as follows:		
Consultancy	583,542	558,376
Training	140,097	168,493
Other products	1,316,359	1,179,681
Sports Centre	442,864	381,276
	2,482,862	2,287,826

Sales by geographical market are analysed as United Kingdom 96%, combined overseas markets 4%.

The analysis of gross profit before taxation by activity is as follows:

	Year ended 31 July 2000 £	Year ended 31 July 1999 £
Consultancy	133,898	98,867
Training	70,633	74,750
Other products	126,385	302,924
Sports Centre	(49,179)	(60,027)
	281,737	416,514

2. OPERATING PROFIT

	Year ended 31 July 2000 £	Year ended 31 July 1999 £
Operating profit is arrived at after charging:		
Depreciation	126,545	96,647
Auditors Remuneration	2,000	1,600

MIDDLESEX UNIVERSITY SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 July 2000**3. EMPLOYEES**

	Year ended 31 July 2000	Year ended 31 July 1999
Average number of people (including directors) employed by the company during the year:		
Consultancy	22	19
Administration	1	1
	<u>23</u>	<u>20</u>
Costs in respect of these employees:	£	£
Wages and salaries	174,112	141,009
Social security costs	12,933	10,160
	<u>187,045</u>	<u>151,169</u>

4. DIRECTORS

None of the directors received any remuneration.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 July 2000 £	Year ended 31 July 1999 £
Bank deposit interest	29,140	35,066

6. INTEREST PAYABLE

	£	£
Bank overdraft interest	-	-

7. COVENANT PAYABLE

	£	£
Covenant payable for the current year	195,000	330,000
Over provisions on previous years	(1,282)	
	<u>193,718</u>	<u>330,000</u>

This represents an amount payable to the parent body under a charitable deed of covenant.

MIDDLESEX UNIVERSITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 July 2000**8. TANGIBLE FIXED ASSETS**

	Fixtures, fittings and equipment £
Cost	
At 1 August 1999	612,060
Additions	-
At 31 July 2000	612,060
Depreciation	
At 1 August 1999	420,556
Charge for the year	126,545
At 31 July 2000	547,101
Net book value	
At 31 July 2000	64,959
At 31 July 1999	191,504

MIDDLESEX UNIVERSITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 July 2000**9. STOCK**

	2000 £	1999 £
Work in progress	154,808	116,760
Finished goods and goods for resale	372,573	284,822
	527,381	401,582

The stated value of stock does not differ materially from its replacement cost at the balance sheet date.

10. DEBTORS

	2000 £	1999 £
Trade debtors	510,533	433,752
Amounts due from parent undertaking	-	-
Other taxation	-	-
Prepayments and accrued income	-	9,929
	510,533	443,681

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Trade creditors	71,070	102,345
Amounts due to parent undertaking	218,682	316,022
Other taxation and social security	61,028	113,054
Accruals and deferred income	607,945	528,339
	958,725	1,059,760

MIDDLESEX UNIVERSITY SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 July 2000**12. CALLED UP SHARE CAPITAL**

	2000 £	1999 £
Authorised share capital		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted and fully paid		
700,000 ordinary shares of £1 each	700,000	700,000

13. PROFIT AND LOSS ACCOUNT

	£
At 1 August 1999	(138,436)
Retained loss for the year	(73,195)
At 31 July 2000	(211,631)

14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Year ended 31 July 2000 £	Year ended 31 July 1999 £
Retained loss	(73,195)	(63,926)
Opening shareholders' funds	561,564	625,490
Net proceeds of share issue	-	-
Closing shareholders' funds	488,369	561,564

MIDDLESEX UNIVERSITY SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 July 2000****15. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	Year ended 31 July 2000 £	Year ended 31 July 1999 £
Operating profit	91,383	231,008
Covenant payable	(193,718)	(330,000)
Depreciation	126,545	96,647
(Increase) in stock	(87,751)	(122,366)
(Increase)/Decrease in work in progress	(38,048)	166,057
(Increase)/Decrease in debtors	(66,852)	8,404
(Decrease) in creditors	(101,035)	(14,063)
Net cash (outflow)/inflow from operating activities	(269,476)	35,687

16. ANALYSIS OF NET FUNDS

	1 August 1999 £	Cash Flow	31 July 2000 £
Cash at bank and in hand	584,557	(240,336)	344,221
Net Funds	584,557	(240,336)	344,221

17. CONTROLLING PARTY

The directors regard Middlesex University as the controlling party by virtue of its 100% interest in the equity share capital of the company. Middlesex University is a registered charity. Copies of the consolidated financial statements for Middlesex University can be obtained from Middlesex University, Bounds Green Road, London, N11 2NQ.