MU VENTURES LIMITED

ANNUAL REPORT

31 JULY 2001



Company No. 2381821

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Directors	Dr A.T.D Butland Annie Kent (Resigned 14 September 2001) Claire Hodson Melvyn Keen (appointed 15 February 2002)
Secretary	Claire Hodson (Acting from 5 October 2001) David Walter (Appointed 14 May 2001) (Resigned 5 October 2001) Chris Lang (Resigned 27 April 2001)
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

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 31 July 2001.

Principal activities

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

The Company changed its name to MU Ventures Limited on 5 June 2001 and continues with the principal activities of the Company.

Review of the business

Trading in the year resulted in a rise in turnover of 5% over last year; the year end result was consistent to the revised sales forecast made in the MUI business plan but below the sales forecast of £2.9m stated in the Company budget.

Profit for the year increased by 80k, nearly 67% increase on last year but below Company budget by some 19%.

Increased operating profits during the year were mainly due to growth in consultancy and contract research gross profits and a reduction in administrative expenses for the year. On the products side Teaching Resources continues its buoyant stream of activity whilst bespoke training and the Burroughs Sports fell short of anticipated target.

The covenant has been calculated and represents an improvement approaching 13% over last year.

Overall the annual report represents that MU Ventures Limited continues to maintain its financial position and objectives.

Results and dividend

The loss for the year after the covenanted payment to the University of £219,258 amounted to £18,430. The directors do not recommend the payment of a dividend leaving a loss of £18,430 to be transferred to reserves.

Directors

The directors of the company at the date of this report are set out on page1. The directors have no beneficial interest in the share capital of the company.

Directors who served during the period were:

Claire Hodson
Dr A.T.D. Butland
Annie Kent (resigned – 14 September 2001)

Statement of directors' responsibilities for the Annual Report

Company law in the United Kingdom 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:

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

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.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

Charitable donations

The company made charitable donations to Middlesex University under deed of covenant of £219,258.

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 22 November 2001 and signed on its behalf by:



Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MU VENTURES LIMITED

We have audited the financial statements on pages 6 to 15.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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.

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 information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

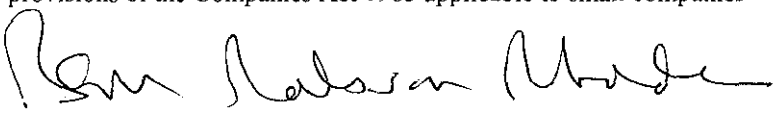
Basis of audit opinion

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 2001 and of its loss for the year then ended and have been properly prepared in accordance with the. provisions of the Companies Act 1985 applicable to small companies



RSM Robson Rhodes
Chartered Accountants and Registered Auditors
London England
23rd May 2002

PROFIT AND LOSS ACCOUNT
for the year ended 31 July 2001

	Note	Year ended 31 July 2001 £	Year ended 31 July 2000 £
TURNOVER: continuing operations	1	2,604,721	2,482,862
Cost of sales		(2,273,659)	(2,201,125)
Gross profit		331,062	281,737
Administrative expenses		(157,173)	(190,354)
Operating profit: continuing operations	2	173,889	91,383
Interest receivable and similar income	5	26,939	29,140
Interest payable	6	-	-
		200,828	120,523
Covenant payable	7	(219,258)	(193,718)
Loss on ordinary activities before taxation		(18,430)	(73,195)
Tax on profit on ordinary activities		-	-
Loss for the financial year	14	(18,430)	(73,195)

The company has no recognised gains/(losses) other than the results for the two years ended 31 July 2001.

BALANCE SHEET
at 31 July 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	8	0	64,959
Current assets			
Stocks	9	606,957	527,381
Debtors	10	437,781	510,533
Cash at bank and in hand		479,370	344,221
		1,524,108	1,382,135
Creditors: Amounts falling due within one year	11	(1,054,169)	(958,725)
Net current assets		469,939	423,410
Net assets		469,939	488,369
Capital and reserves			
Called up share capital	12	700,000	700,000
Profit and loss account	13	(230,061)	(211,631)
Equity shareholders' funds	14	469,939	488,369

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 22 November 2001 and signed on its behalf by:

Director

CASH FLOW STATEMENT
for the year ended 31 July 2001

	Note	Year Ended 31 July 2001 £	Year Ended 31 July 2000 £
Net cash inflow/(outflow) from operating activities	15	108,210	(269,476)
Returns on investments and servicing of finance			
Interest received		26,939	29,140
Net cash inflow from returns on investments and servicing of finance		26,939	29,140
Capital Expenditure			
Purchase of fixed assets		-	-
Net cash (outflow) from investing activities		-	-
Net cash inflow/(outflow) before financing		135,149	(240,336)
Financing			
Share capital issued		-	-
Net cash inflow from financing		-	-
Increase/(Decrease) in cash	16	135,149	(240,336)

NOTES TO THE FINANCIAL STATEMENTS
31 July 2001

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.

NOTES TO THE FINANCIAL STATEMENTS
31 July 2001

1. SEGMENTAL ANALYSIS

	Year ended 31 July 2001 £	Year ended 31 July 2000 £
The analysis of turnover by activity is as follows:		
Consultancy	936,027	583,542
Training	104,081	140,097
Other products	1,200,780	1,316,359
Sports Centre	363,833	442,864
	2,604,721	2,482,862

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 2001 £	Year ended 31 July 2000 £
Consultancy	279,241	133,898
Training	33,668	70,633
Other products	68,066	126,385
Sports Centre	(49,913)	(49,179)
	331,062	281,737

2. OPERATING PROFIT

	Year ended 31 July 2001 £	Year ended 31 July 2000 £
Operating profit is arrived at after charging:		
Depreciation	64,959	126,545
Auditors Remuneration	2,100	2,000

NOTES TO THE FINANCIAL STATEMENTS
31 July 2001

3. EMPLOYEES

	Year ended 31 July 2001	Year ended 31 July 2000
Average number of people (including directors) employed by the company during the year:		
Consultancy	21	22
Administration	1	1
	22	23
Costs in respect of these employees:	£	£
Wages and salaries	207,850	174,112
Social security costs	15,961	12,933
	223,811	187,045

4. DIRECTORS

None of the directors received any remuneration.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 July 2001 £	Year ended 31 July 2000 £
Bank deposit interest	26,939	29,140

6. INTEREST PAYABLE

	£	£
Bank overdraft interest	-	-

7. COVENANT PAYABLE

	£	£
Covenant payable for the current year	220,000	195,000
Over provisions on previous years	(742)	(1,282)
	219,258	193,718

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

NOTES TO THE FINANCIAL STATEMENTS
31 July 2001

8. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £
Cost	
At 1 August 2000	612,060
Additions	-
At 31 July 2001	612,060
Depreciation	
At 1 August 2000	547,101
Charge for the year	64,959
At 31 July 2001	612,060
Net book value	
At 31 July 2001	0
At 31 July 2000	64,959

NOTES TO THE FINANCIAL STATEMENTS
31 July 2001

9. STOCK

	2001 £	2000 £
Work in progress	140,543	154,808
Finished goods and goods for resale	466,414	372,573
	606,957	527,381

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

10. DEBTORS

	2001 £	2000 £
Trade debtors	391,382	510,533
Amounts due from parent undertaking	-	-
Other taxation	-	-
Prepayments and accrued income	46,399	-
	437,781	510,533

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Trade creditors	47,808	71,070
Amounts due to parent undertaking	236,326	218,682
Other taxation and social security	78,190	61,028
Accruals and deferred income	691,845	607,945
	1,054,169	958,725

NOTES TO THE FINANCIAL STATEMENTS
31 July 2001

12. CALLED UP SHARE CAPITAL

	2001 £	2000 £
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 2000	(211,631)
Retained loss for the year	(18,430)
At 31 July 2001	(230,061)

14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Year ended 31 July 2001 £	Year ended 31 July 2000 £
Retained loss	(18,430)	(73,195)
Opening shareholders' funds	488,369	561,564
Net proceeds of share issue		-
Closing shareholders' funds	469,939	488,369

NOTES TO THE FINANCIAL STATEMENTS
31 July 2001

15. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 31 July 2001 £	Year ended 31 July 2000 £
Operating profit	173,889	91,383
Covenant payable	(219,258)	(193,718)
Depreciation	64,959	126,545
(Increase)/Decrease in stock	(93,841)	(87,751)
Decrease/(Increase) in work in progress	14,265	(38,048)
Decrease/(Increase) in debtors	72,752	(66,852)
Increase/(Decrease) in creditors	95,444	(101,035)
Net cash inflow/(outflow) from operating activities	108,210	(269,476)

16. ANALYSIS OF NET FUNDS

	1 August 2000 £	Cash Flow	31 July 2001 £
Cash at bank and in hand	344,221	135,149	479,370
Net Funds	344,221	135,149	479,370

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.