

MU VENTURES LIMITED

ANNUAL REPORT

31 JULY 2002



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Company No. 2381821

M U VENTURES LIMITED

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M U VENTURES LIMITED

COMPANY INFORMATION

Directors	Dr A.T.D Butland Claire Hodson Melvyn Keen (Appointed 15 February 2002) Moshe Gerstenhaber (Appointed 15 February 2002)
Secretary	Trevor Dawson (Appointed 22 November 2001) Claire Hodson (Resigned 22 November 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

M U VENTURES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 31 July 2002.

Principal activities

The principal activities of the company are the supply of consultancy, contract research services, training, Continuing Professional Development (CPD) and provision of other products and services to commercial clients.

Review of the business

Trading in the year was £3,203,712 - a rise of 23% over last year.

Profit for the year was £2,568, a reduction of £198,260 on last year. This reflects considerable investment in the expansion of new business activities. The company's strategic plan envisages the reinvestment of profits to support the growth of promising ventures. This is to be supported by funding from the holding company, through an increase in its shareholdings, where appropriate.

The Teaching Resources division has been incorporated as separate company (Teaching Resources Limited). The company is to commence trading in the next financial year.

Overall the annual report represents that MU Ventures Limited continues to maintain a healthy cash position whilst undertaking expansionary activity.

Results and dividend

The profit for the year amounted to £2,568. The directors do not recommend the payment of a dividend, leaving the profit to be transferred to reserves.

Directors

The directors of the company at the date of this report are set out on page 2. 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
Claire Hodson
Melvyn Keen
Moshe Gerstenhaber

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;

M U VENTURES LIMITED

- 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

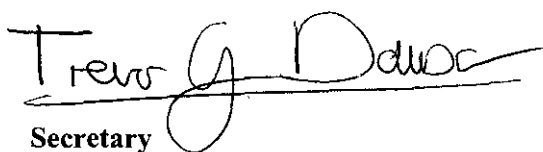
This year the company made charitable donations to Middlesex University under the deed of covenant of £10,093.

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 11th December 2002 and signed on its behalf by:


Secretary

M U VENTURES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MU VENTURES LIMITED

We have audited the financial statements on pages 6 to 17.

This report is made solely to the company's directors, 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 directors those matters we are required to state to them in an auditor's 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 directors as a body, for our audit work, for this report, or for the opinions we have formed.

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.

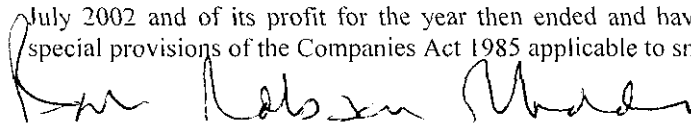
Basis of audit opinion

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the special provisions of the Companies Act 1985 applicable to small companies.



RSM Robson Rhodes
Chartered Accountants and Registered Auditors
Hemel Hempstead
17th February 2003

M U VENTURES LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 July 2002

	Note	Year ended 31 July 2002 £	Year ended 31 July 2001 £
TURNOVER: continuing operations	1	3,203,712	2,604,721
Cost of sales		(3,010,147)	(2,273,659)
Gross profit		193,565	331,062
Administrative expenses		(214,324)	(157,173)
Operating profit/(Loss): continuing operations	2	(20,759)	173,889
Interest receivable and similar income	5	23,327	26,939
Interest payable	6	-	-
		2,568	200,828
Covenant payable	7	16,831	(219,258)
Profit/(Loss) on ordinary activities before taxation		19,399	(18,430)
Tax on profit on ordinary activities	8	-	-
Profit/(Loss) for the financial year	16	19,399	(18,430)

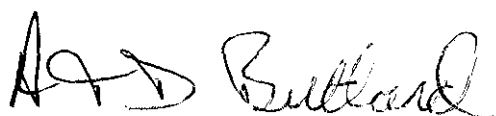
The company has no recognised gains/(losses) other than the results for the two years ended 31 July 2002.

M U VENTURES LIMITED**BALANCE SHEET**
at 31 July 2002

	Note	2002 £	2001 £
Fixed assets			
Intangible Assets	9	96,157	0
Tangible assets	10	41,104	0
		<u>137,261</u>	<u>0</u>
Current assets			
Stocks	11	793,473	606,957
Debtors	12	525,683	437,781
Cash at bank and in hand		460,725	479,370
		<u>1,779,881</u>	<u>1,524,108</u>
Creditors: Amounts falling due within one year	13	<u>(1,427,804)</u>	<u>(1,054,169)</u>
Net current assets		<u>352,077</u>	<u>469,939</u>
Net assets		<u><u>489,338</u></u>	<u><u>469,939</u></u>
Capital and reserves			
Called up share capital	15	700,000	700,000
Profit and loss account	16	<u>(210,662)</u>	<u>(230,061)</u>
Equity shareholders' funds	17	<u><u>489,338</u></u>	<u><u>469,939</u></u>

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 11th December 2002 and signed on its behalf by:



Director

M U VENTURES LIMITED**CASH FLOW STATEMENT**
for the year ended 31 July 2002

	Note	Year Ended 31 July 2002 £	Year Ended 31 July 2001 £
Net cash inflow/(outflow) from operating activities	18	108,269	108,210
Returns on investments and servicing of finance			
Interest received		23,327	26,939
Net cash inflow from returns on investments and servicing of finance		23,327	26,939
Capital Expenditure			
Purchase of fixed assets		(51,380)	-
Purchase of Intangible assets		(98,861)	-
Net cash (outflow) from investing activities		(150,241)	-
Net cash (outflow)/inflow before financing		(18,645)	135,149
Financing			
Share capital issued		-	-
Net cash inflow from financing		-	-
(Decrease)/Increase in cash	19	(18,645)	135,149

NOTES TO THE FINANCIAL STATEMENTS
31 July 2002

ACCOUNTING POLICIES (Notes A - I)

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. Amortisation

Amortisation is calculated on a straight line basis to write off Intangible assets over their anticipated useful lives. Estimated useful lives are:

Patents and Licences - 10 years

Amortisation is applied from the beginning of the financial year after which expenditure is incurred

D. 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 - 5 years. (Formerly 4 years, change in policy from 1 August 2001 – impact in the current year £2,569)

Equipment - 5 years

E. Research & Development

Development expenditure incurred on specific projects is carried forward when its recoverability can be foreseen with reasonable certainty, and is amortised on the basis of anticipated sales from the projects. The Board of Directors consider that this results in a proper matching of the development costs to the revenue they generate. Accordingly the book value of development costs is not considered to be a realised loss. All other research & development expenditure is written off in the year in which it is incurred.

F Stocks

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

M U VENTURES LIMITED

G. 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.

H. 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.

I. 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.

M U VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 July 2002**1. SEGMENTAL ANALYSIS**

	Year ended 31 July 2002	Year ended 31 July 2001
	£	£
The analysis of turnover by activity is as follows:		
Consultancy	821,526	936,027
Training	146,265	104,081
Other products	1,920,990	1,200,780
Sports Centre	314,931	363,833
	3,203,712	2,604,721

Sales by geographical market are analysed as United Kingdom 97%, combined overseas markets 3%.

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

	Year ended 31 July 2002	Year ended 31 July 2001
	£	£
Consultancy	172,401	279,241
Training	70,555	33,668
Other products	(49,391)	68,066
Sports Centre	-	(49,913)
	193,565	331,062

2. OPERATING PROFIT

	Year ended 31 July 2002	Year ended 31 July 2001
	£	£
Operating profit is arrived at after charging:		
Depreciation	10,276	64,959
Amortisation	2,704	0
Auditors Remuneration	2,200	2,100

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NOTES TO THE FINANCIAL STATEMENTS

31 July 2002

3. EMPLOYEES

	Year ended 31 July 2002	Year ended 31 July 2001
Average number of people (including directors) employed by the company during the year:		
Consultancy	28	21
Administration	2	1
	<u>30</u>	<u>22</u>
Costs in respect of these employees:		
	£	£
Wages and salaries	358,411	207,850
Social security costs	28,763	15,961
	<u>387,174</u>	<u>223,811</u>

4. DIRECTORS

None of the directors received any remuneration.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 July 2002 £	Year ended 31 July 2001 £
Bank deposit interest	<u>23,327</u>	<u>26,939</u>

6. INTEREST PAYABLE

	£	£
Bank overdraft interest	<u>-</u>	<u>-</u>

7. COVENANT PAYABLE

	£	£
Covenant payable for the current year	10,093	220,000
Other provisions in previous years	<u>(26,924)</u>	<u>(742)</u>
	<u>(16,831)</u>	<u>219,258</u>

This represents an amount payable to the parent body under a charitable deed of covenant. The covenant amount is a provision, based on an initial calculation of the tax liability. Once the actual charge has been finalised an adjustment to the provision is recorded in the subsequent year.

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NOTES TO THE FINANCIAL STATEMENTS
31 July 2002**8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	Year ended 31 July 2002 £	Year ended 31 July 2001 £
United Kingdom Corporation Tax		
Current tax on income for the year	-	-
Adjustments in respect of prior years	-	-
Current Taxation	0	0
Deferred taxation		
Net origination (reversal) of timing differences	-	-
Adjustments in respect of prior years	-	-
Changes in tax rates	-	-
Tax on profit on ordinary activities	0	0
Current tax reconciliation		
Surplus/(Deficit) for the year	19,399	(18,430)
Theoretical tax at UK corporation tax rate of 30%	5,820	(5,529)
Effects of:		
Expenses not deductible for tax	10,149	57,108
Payment under gift aid	(3,028)	(57,923)
Depreciation for the period in excess of capital allowances	(12,941)	6,344
Current tax charge for the period	0	0

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9. INTANGIBLE FIXED ASSETS

	Patents and Licences £
Cost	
At 1 August 2001	-
Additions	98,861
At 31 July 2002	98,861
Amortisation	
At 1 August 2001	-
Charge for the year	2,704
At 31 July 2002	2,704
Net book value	
At 31 July 2002	96,157
At 31 July 2001	0

10. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £
Cost	
At 1 August 2001	612,060
Additions	51,380
At 31 July 2002	663,440
Depreciation	
At 1 August 2001	612,060
Charge for the year	10,276
At 31 July 2002	622,336
Net book value	
At 31 July 2002	41,104
At 31 July 2001	0

M U VENTURES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 July 2002**11. STOCK**

	2002 £	2001 £
Work in progress	141,416	140,543
Finished goods and goods for resale	652,057	466,414
	<u>793,473</u>	<u>606,957</u>

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

12. DEBTORS

	2002 £	2001 £
Trade debtors	444,536	391,382
Amounts due from parent undertaking	-	-
Other taxation	-	-
Prepayments and accrued income	81,147	46,399
	<u>525,683</u>	<u>437,781</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade creditors	12,545	47,808
Amounts due to parent undertaking	169,522	236,326
Other taxation and social security	103,718	78,190
Accruals and deferred income	1,142,019	691,845
	<u>1,427,804</u>	<u>1,054,169</u>

14. OPERATING LEASE COMMITMENTS

Annual commitments under operating leases

Operating leases which expire:

	2002 £	2001 £
Between one and two years	1,571	-
Over Five years	48,860	-
	<u>50,431</u>	<u>0</u>

M U VENTURES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 July 2002**15. CALLED UP SHARE CAPITAL**

	2002	2001
	£	£
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

16. PROFIT AND LOSS ACCOUNT

	£
At 1 August 2001	(230,061)
Retained profit for the year	19,399
At 31 July 2002	(210,662)

17. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Year ended	Year ended
	31 July 2002	31 July 2001
	£	£
Retained profit/loss	19,399	(18,430)
Opening shareholders' funds Retained profit/loss	469,939	488,369
Net proceeds of share issue	-	-
Closing shareholders' funds	489,338	469,939

M U VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 July 2002**18. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	Year ended 31 July 2002 £	Year ended 31 July 2001 £
Operating profit\ (Loss)	(20,759)	173,889
Covenant payable	16,831	(219,258)
Depreciation	10,276	64,959
Amortisation	2,704	0
(Increase)/Decrease in work in progress	(873)	14,265
(Increase)/Decrease in stock	(185,643)	(93,841)
(Increase)/Decrease in debtors	(87,902)	72,752
Increase/(Decrease) in creditors	373,635	95,444
Net cash inflow/(outflow) from operating activities	108,269	108,210

19. ANALYSIS OF NET FUNDS

	1 August 2001 £	Cash Flow	31 July 2002 £
Cash at bank and in hand	479,370	(18,645)	460,725
Net Funds	479,370	(18,645)	460,725

20. 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.

21. POST BALANCE SHEET EVENT

The Teaching Resources Division (Turnover £1,283,000 for the year to 31 July 2002) has been trading as a separate company (Teaching Resources Limited) from 1st August 2002