M U VENTURES LIMITED

ANNUAL REPORT

31 JULY 2003



Company No. 2381821

M U VENTURES LIMITED

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COMPANY INFORMATION

Directors	Dr A.T.D Butland Claire Hodson Melvyn Keen
Secretary	Trevor Dawson
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	Deloitte & Touche LLP St Albans

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 31 July 2003.

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

Turnover in the year was £2,729,618 compared to £3,203,712 in the previous year. Turnover for continuing operations in the previous year was £1,920,712 - this reflects strong growth in underlying businesses.

Operating profit for the year was £ 155,109 compared to an operating loss of £20,759 in the previous year. This reflects the profitability of the core operations of the business, and the return to a profit growth trend.

The Teaching Resources division has been incorporated as a separate company (Teaching Resources Limited). The company commenced trading on 1 August 2002. As a subsidiary of Middlesex University its results are not included within the Statutory Accounts of MU Ventures Limited.

The Press division has been incorporated as a separate company (MU Press Limited). The company commenced trading on 1 August 2003. Its results are included within the Statutory Accounts of MU Ventures Limited in this year. They have been separately identified as discontinued operations

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 £45,018. 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 (resigned 4 April 2003)

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

This year the company made charitable donations to Middlesex University paid under the deed of covenant of £138,208 (2002: repaid £16,831).

Auditors

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

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 22nd March 2004 and signed on its behalf by:



Trevor Dawson
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MU VENTURES LIMITED

We have audited the financial statements of MU Ventures Ltd for the year ended 31 July 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of accounting policies and the related notes 1 to 19. These financial statements have been prepared under 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 United Kingdom legal and regulatory requirements and 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MU VENTURES LIMITED (Continued)

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, applicable to small Companies.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
St Albans

Date 6 April 2004

PROFIT AND LOSS ACCOUNT
for the year ended 31 July 2003

	Note	Year ended 31 July 2003 £	Year ended 31 July 2002 £
TURNOVER: Continuing operations		2,438,190	1,920,712
Discontinued operations	3	291,428	1,283,000
	1	2,729,618	3,203,712
Cost of sales		(2,310,318)	(3,010,147)
Gross profit		419,300	193,565
Administrative expenses		(264,191)	(214,324)
Operating profit/(loss):			
Continuing operations		203,337	63,741
Discontinued operations	3	(48,228)	(84,500)
	2	155,109	(20,759)
Interest receivable and similar income	6	28,117	23,327
Interest payable		-	-
Profit on ordinary activities before taxation		183,226	2,568
Tax on profit on ordinary activities	8	-	-
Profit on ordinary activities after Taxation		183,226	2,568
Covenant (payable)/receivable	7	(138,208)	16,831
Profit for the financial year	15	45,018	19,399

The company has no recognised gains/(losses) other than the results for the two years ended 31 July 2003.

BALANCE SHEET
at 31 July 2003

	Note	2003 £	2002 £
Fixed assets			
Intangible Assets	9	48,851	96,157
Tangible assets	10	-	41,104
		48,851	137,261
Current assets			
Stocks	11	63,597	793,473
Debtors	12	1,438,718	525,683
Cash at bank and in hand		172,249	460,725
		1,674,564	1,779,881
Creditors: Amounts falling due within one year	13	(1,189,059)	(1,427,804)
Net current assets		485,505	352,077
Net assets		534,356	489,338
Capital and reserves			
Called up share capital	15	700,000	700,000
Profit and loss account - deficit	16	(165,644)	(210,662)
Equity shareholders' funds	17	534,356	489,338

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 22nd March 2004 and signed on its behalf by:

Melvyn Keen
Director

NOTES TO THE FINANCIAL STATEMENTS
31 July 2003

ACCOUNTING POLICIES

A. Basis of accounting

The financial statements have been prepared in accordance with applicable 'UK' 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. Intangible assets and amortisation

Intangible assets are included at cost and 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 and provision is made for any impairment.

D. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. 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
Equipment	-	5 years

E. Research & Development

Costs incurred in the development of new products are carried forward in accordance with Statement of Standard Accounting Practice 13, "Accounting for research and development" to the extent that the specified conditions are satisfied.

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.

ACCOUNTING POLICIES (Continued)

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.

Deferred taxation is provided in full on timing differences that 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 taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

H. Cash flow statement

The Company has taken advantage of the exemption granted in Financial Reporting Statement No. 1, not to produce a cash flow statement, since its parent company, Middlesex University, produces a consolidated cash flow statement including the cash flow of the company.

I. 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.

J. 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 2003

1. SEGMENTAL ANALYSIS

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
The analysis of turnover by activity is as follows:		
Consultancy	816,071	821,526
Training	508,503	146,265
Other products	963,169	1,920,990
Sports Centre	441,875	314,931
	2,729,618	3,203,712

Sales by geographical market are analysed as United Kingdom 99%, combined overseas markets 1%.

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

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Consultancy	231,732	172,401
Training	137,639	70,555
Other products	54,093	(49,391)
Sports Centre	(4,164)	-
	419,300	193,565

2. OPERATING PROFIT

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Operating profit is arrived at after charging:		
Depreciation	-	10,276
Amortisation	47,306	2,704
Auditors' Remuneration – audit fees	2,500	2,200

NOTES TO THE FINANCIAL STATEMENTS
31 July 2003

3. DISCONTINUED OPERATIONS

	2003			2002		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£	£	£	£	£	£
Turnover	2,438,190	291,428	2,729,618	1,920,712	1,283,000	3203,712
Cost of Sales	(1,970,662)	(339,656)	(2,310,318)	(1,731,135)	(1,279,012)	(3,010,147)
Gross Profit/(loss)	467,528	(48,228)	419,300	189,577	3,988	193,565
Administration expenses	(264,191)	-	(264,191)	(125,836)	(88,488)	(214,324)
Operating profit/(Loss)	203,337	(48,228)	155,109	63,741	(84,500)	(20,759)

4. EMPLOYEES

	Year ended 31 July 2003 No.	Year ended 31 July 2002 No.
Average number of people (including directors) employed by the company during the year:		
Consultancy	22	28
Administration	-	2
	22	30
Costs in respect of these employees:	£	£
Wages and salaries	350,952	358,411
Social security costs	31,442	28,763
	382,394	387,174

5. DIRECTORS

None of the directors received any remuneration (2002: £Nil).

NOTES TO THE FINANCIAL STATEMENTS
31 July 2003

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Bank deposit interest	28,117	23,327

7. COVENANT PAYABLE

Covenant payable for the current year	138,208	10,093
Other provisions in previous years	-	(26,924)
	138,208	(16,831)

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.

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
United Kingdom Corporation Tax		
Current tax on income for the year 30% (2002: 30%)	-	-
Tax on profit on ordinary activities	-	-
Current tax reconciliation		
Surplus for the year	45,018	19,399
Theoretical tax at UK corporation tax rate of 30%	13,505	5,820
Effects of:		
Expenses not deductible for tax	-	10,149
Payment under gift aid	-	(3,028)
Other timing differences	(6,112)	-
Accelerated capital allowances	(7,393)	(12,941)
Current tax charge for the period	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 July 2003

8 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

A deferred tax asset has not been recognised in respect of timing differences relating to capital allowances in excess of depreciation and short-term timing differences as there is insufficient evidence that the assets will be recovered. The amount of the asset not recognised is £35,864. The asset would be recovered if the company made sufficient future taxable profits and changed its policy of paying all profits to its parent in gift-aid.

9. INTANGIBLE FIXED ASSETS

	Patents and Licences Year Ended 31st July 2003 £	Patents and Licences Year Ended 31st July 2002 £
Cost		
Brought forward – 1 August	98,861	-
Additions	-	98,861
Carried forward – 31 July	98.861	98.861
Amortisation		
Brought forward – 1 August	2,704	-
Charge for the year	47,306	2,704
Carried forward – 31 July	50,010	2,704
Net book value	48,851	96,157

NOTES TO THE FINANCIAL STATEMENTS
31 July 2003

10. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment Year Ended 31st July 2003 £	Fixtures, fittings and equipment Year Ended 31st July 2002 £
Cost		
Brought Forward – 1 August	663,440	612,060
Additions	-	51,380
Disposals	(51,380)	
Carried Forward – 31 July	612,060	663,440
Depreciation		
Brought Forward – 1 August	622,336	612,060
Charge for the year	-	10,276
Disposals	(10,276)	-
Carried Forward – 31 July	612,060	622,336
Net book value	-	41,104

11. STOCK

	2003 £	2002 £
Work in progress	-	141,416
Finished goods and goods for resale	63,597	652,057
	63,597	793,473

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

NOTES TO THE FINANCIAL STATEMENTS
31 July 2003

12. DEBTORS

	2003 £	2002 £
Trade debtors	395,412	444,536
Amounts by group undertakings	988,487	-
Prepayments and accrued income	54,819	81,147
	1,438,718	525,683

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Trade creditors	72,845	12,545
Amounts to parent undertaking	361,315	169,522
Other taxation and social security	63,245	103,718
Accruals and deferred income	691,654	1,142,019
	1,189,059	1,427,804

14. OPERATING LEASE COMMITMENTS

Annual commitments under operating leases

Operating leases which expire:	2003 £	2002 £
Between one and two years	-	1,571
Over five years	31,520	48,860
	31,520	50,431

NOTES TO THE FINANCIAL STATEMENTS
31 July 2003

15. CALLED UP SHARE CAPITAL

	2003 £	2002 £
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

	2003 £	2002 £
Brought Forward	(210,662)	(230,061)
Retained profit for the year	45,018	19,399
Carried Forward	(165,644)	(210,662)

17. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Retained profit for the year	45,018	19,399
Opening shareholders' funds	489,338	469,939
Closing shareholders' funds	534,356	489,338

NOTES TO THE FINANCIAL STATEMENTS
31 July 2003

18. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption which is conferred by Financial Reporting Standard number 8 "Related Party Disclosures" that allows it not to disclose transactions with group undertakings 90% or more of whose voting rights are controlled within the group.

19. CONTROLLING PARTY

The directors regard Middlesex University Higher Education Corporation as the controlling party by virtue of its 100% interest in the equity share capital of the company. Middlesex University Higher Education Corporation is a registered charity. Copies of the consolidated financial statements for Middlesex University Higher Education Corporation can be obtained from Middlesex University, Trent Park, Bramley Road, London, N14 4XS.