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B.M.I. CATERING LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2001



Dafferns

Chartered Accountants

B.M.I. CATERING LIMITED

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for the year ended 31st December 2001

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B.M.I. CATERING LIMITED
COMPANY INFORMATION
for the year ended 31st December 2001

DIRECTORS: Professor P.G. Bevan
Dr. A.L. Lloyd

SECRETARY: Dr. S.G. Platt

REGISTERED OFFICE: 36 Harborne Road
Edgbaston
Birmingham

REGISTERED NUMBER: 2395758 (England and Wales)

AUDITORS: Dafferns
Chartered Accountants
Warwick House
32 Clarendon Street
Leamington Spa
CV32 4PG

B.M.I. CATERING LIMITED

REPORT OF THE DIRECTORS
for the year ended 31st December 2001

The directors present their report with the financial statements of the company for the year ended 31st December 2001.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of catering and refreshment services.

DIRECTORS

The directors during the year under review were:

Professor P.G. Bevan
Dr. A.L. Lloyd

The directors holding office at 31st December 2001 did not hold any beneficial interest in the issued share capital of the company at 1st January 2001 or 31st December 2001.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

AUDITORS

The auditors, Dafferns, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



Professor P.G. Bevan - DIRECTOR

Dated: 13th March 2002

B.M.I. CATERING LIMITED

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
B.M.I. CATERING LIMITED**

We have audited the financial statements of B.M.I. Catering Limited for the year ended 31st December 2001 on pages four to eight. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

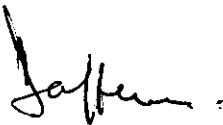
Basis of audit opinion

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 the company's affairs as at 31st December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Dafferns
Chartered Accountants
Warwick House
32 Clarendon Street
Leamington Spa
CV32 4PG

Dated: 13th March 2002

B.M.I. CATERING LIMITED
PROFIT AND LOSS ACCOUNT
for the year ended 31st December 2001

		2001	2000
	Notes	£	£
TURNOVER		80,814	80,297
Cost of sales		33,032	34,655
GROSS PROFIT		47,782	45,642
Administrative expenses		48,500	47,156
OPERATING LOSS	2	(718)	(1,514)
Interest receivable and similar income		203	240
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(515)	(1,274)
Tax on loss on ordinary activities	3	361	-
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(876)	(1,274)
Retained profit brought forward		7,541	8,815
RETAINED PROFIT CARRIED FORWARD		£6,665	£7,541

The notes form part of these financial statements

B.M.I. CATERING LIMITED**BALANCE SHEET**
31st December 2001

		2001		2000	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	4		9,451		11,603
CURRENT ASSETS:					
Stocks		315		568	
Debtors	5	7,996		18,635	
Cash at bank and in hand		10,777		504	
		<u>19,088</u>		<u>19,707</u>	
CREDITORS: Amounts falling due within one year	6	<u>21,872</u>		<u>23,767</u>	
NET CURRENT LIABILITIES:			<u>(2,784)</u>		<u>(4,060)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>£6,667</u>		<u>£7,543</u>
CAPITAL AND RESERVES:					
Called up share capital	7		2		2
Profit and loss account			<u>6,665</u>		<u>7,541</u>
SHAREHOLDERS' FUNDS:			<u>£6,667</u>		<u>£7,543</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

ON BEHALF OF THE BOARD:



Professor P.G. Bevan - DIRECTOR

Approved by the Board on 13th March 2002

The notes form part of these financial statements

B.M.I. CATERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 2001

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Equipment - at variable rates on cost

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

2. OPERATING LOSS

The operating loss is stated after charging:

	2001	2000
	£	£
Depreciation - owned assets	2,152	3,458
Auditors' remuneration	2,650	2,650
	<u> </u>	<u> </u>
Directors' emoluments and other benefits etc	-	-
	<u> </u>	<u> </u>

3. TAXATION

The tax charge on the loss on ordinary activities for the year was as follows:

	2001	2000
	£	£
UK corporation tax	361	-
	<u> </u>	<u> </u>

B.M.I. CATERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 2001**

4. TANGIBLE FIXED ASSETS

	Equipment
	£
COST:	
At 1st January 2001	
and 31st December 2001	47,144
DEPRECIATION:	
At 1st January 2001	35,541
Charge for year	2,152
At 31st December 2001	37,693
NET BOOK VALUE:	
At 31st December 2001	9,451
At 31st December 2000	11,603

**5. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2001	2000
	£	£
Trade debtors	7,181	17,785
Prepayments	815	489
Corporation tax	-	361
	<u>7,996</u>	<u>18,635</u>

**6. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2001	2000
	£	£
Bank loans and overdrafts	-	2,908
Trade creditors	65	304
Amount owed to holding company	15,809	14,000
Other creditors	286	-
Value added tax	3,012	3,365
Social security & other taxes	450	440
Accrued expenses	2,250	2,750
	<u>21,872</u>	<u>23,767</u>

The amount owed to the holding company, Birmingham Medical Institute Limited, is secured by a debenture over the assets of the company. The amount is repayable on demand and interest may be charged at 2% above the base rate from time to time of the Royal Bank of Scotland plc.

B.M.I. CATERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 2001

7. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2001 £	2000 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2001 £	2000 £
2	Ordinary	£1	<u>2</u>	<u>2</u>

8. ULTIMATE PARENT COMPANY

The company is a 100% subsidiary of Birmingham Medical Institute Limited, a company registered in England and Wales.

B.M.I. CATERING LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 31st December 2001

	2001		2000	
	£	£	£	£
Income:				
Catering and bar income		80,814		80,297
Cost of sales:				
Cost of catering and bar income		33,032		34,655
GROSS PROFIT		47,782		45,642
Other income:				
Deposit account interest		203		240
		47,985		45,882
Expenditure:				
Salaries	30,305		29,738	
Repairs and renewals	4,609		4,303	
Sundry expenses	351		96	
Auditors remuneration	2,650		2,650	
Legal fees	-		500	
Covenant of profits	3,983		1,889	
Depreciation	2,152		3,458	
Rent	1,250		1,250	
Insurance	1,361		535	
Cleaning	1,436		2,543	
		48,097		46,962
		(112)		(1,080)
Finance costs:				
Bank charges		403		194
NET LOSS		£(515)		£(1,274)