

Company Number: 2714181

**KCL ENTERPRISES LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31 JULY 1999**



## **KCL ENTERPRISES LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

#### **Date of Appointment**

Professor A M Lucas (Chairman)	2 November 1992
Dr M L Sims (Managing Director)	1 July 1993
Mr D O Ball	7 October 1992
Professor R C Hider	1 August 1994
Professor B W Ife	2 November 1992
Professor L F Freedman	15 June 1998
Professor C Rice-Evans	15 June 1998
Professor P J Whitfield	15 June 1998

#### **SECRETARY**

Mr B K Kirpalani	1 January 1994
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#### **REGISTERED OFFICE**

King's College London  
Strand  
London WC2R 2LS

#### **AUDITORS**

Deloitte & Touche  
Chartered Accountants and  
Registered Auditors  
Hill House  
1 Little New Street  
London EC4A 4TR

#### **SOLICITORS**

Nabarro Nathanson  
50 Stratton Street  
London W1X 6NY

# **KCL ENTERPRISES LIMITED**

## **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements for the year ended 31 July 1999.

### **STATEMENT OF DIRECTOR' 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 as at the end of the financial year and the profit or loss of the company for the 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 a 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.

### **ACTIVITIES**

The primary activities of KCL Enterprises Limited are:-

- i) to assist King's College London to market its research and consultancy capabilities;
- ii) to negotiate all contracts related to i) above with particular reference to improving the recovery of indirect costs associated with research activities;
- iii) to provide financial management of research grants and contracts of the College;
- iv) to protect and exploit the intellectual property of the College generated from its research activities.

Additionally the company provides the College with general advice and assistance on commercial matters (e.g. tendering for teaching contracts) and on external affairs relevant to the research market. The company provides seminars and training courses for the College's academic staff on the above mentioned topics. The Managing Director is appointed as a co-opted member of the College Research Committee.

# **KCL ENTERPRISES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **REVIEW OF THE BUSINESS AND FUTURE PROSPECTS**

The operating profit for 1998/9 was almost £94,000 (1997/8 - £311,000). This was ahead of the planned profit of £60,000 and was achieved on lower than planned turnover and staff costs. This resulted from higher than expected external income from licensing and services rendered. The increased profit has been covenanted to the College.

A modest increase in turnover and profit is planned for 1999/2000 as the company increases service provision to the enlarged College, Institute of Psychiatry and University Hospital Lewisham.

Technology transfer activity is expected to increase as opportunities with commercial potential are offered to the two University Challenge Funds in IT/communications and biomedical sciences awarded to King's College London and its partners. This should result in greater licensing income and realisations from shareholdings in start up companies in the medium to longer term.

The company has assessed the impact of the year 2000. All necessary software modifications have been carried out and the company believes that all its equipment is year 2000 compatible and there are no significant risks to be addressed. At this point in time the company believes it is justified in assuming that the cost of year 2000 compliance will be insignificant.

### **DIVIDENDS**

The financial statements of the company are to be found on pages 5 to 11 of this report. The Directors do not propose a dividend (1998:nil).

### **DIRECTORS**

The Directors holding office during the year are detailed on page 1.

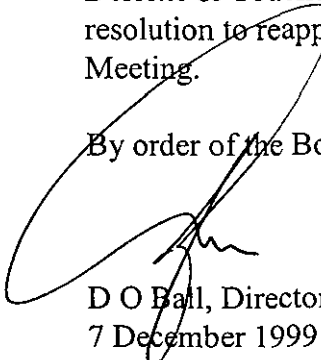
### **DIRECTORS' INTERESTS IN SHARES**

None of the Directors held any beneficial interests in the share capital of the company.

### **AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board,



D O Ball, Director  
7 December 1999

## AUDITORS' REPORT TO THE MEMBERS OF KCL ENTERPRISES LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

### Respective responsibilities of Directors and auditors

As described on page 2, 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.

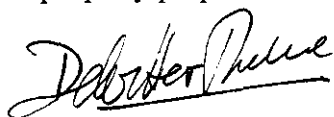
### Basis of opinion

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 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



*Deloitte & Touche  
Chartered Accountants  
and Registered Auditors  
Hill House  
1 Little New Street  
London EC4A 4TR*

*17 December 1999*

**KCL ENTERPRISES LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 31 July 1999**

	Note	Continuing Operations	
		1999 £	1998 £
Turnover	2	1,042,054	1,112,535
Operating expenses		(948,099)	(801,374)
Operating profit		<u>93,955</u>	<u>311,161</u>
Covenant payments to group companies		(99,052)	(314,656)
Loss on ordinary activities before and after taxation transferred from reserves	3,10	<u><u>(5,097)</u></u>	<u><u>(3,495)</u></u>

**There are no recognised gains or losses or movements in shareholders' funds for the current and preceding year other than as shown above.**

# KCL ENTERPRISES LIMITED

## BALANCE SHEET

As at 31 July 1999

	Note	1999	1998
		£	£
FIXED ASSETS			
Tangible assets	5	43,813	17,316
CURRENT ASSETS			
Debtors	6	-	5,287
Cash at bank and in hand		20,890	69,210
		<u>20,890</u>	<u>74,497</u>
CREDITORS:			
AMOUNTS FALLING DUE			
WITHIN ONE YEAR	7	<u>(61,774)</u>	<u>(83,787)</u>
NET CURRENT			
LIABILITIES		(40,884)	(9,290)
TOTAL ASSETS LESS		<u>2,929</u>	<u>8,026</u>
CURRENT LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account	10	2,927	8,024
EQUITY SHAREHOLDERS' FUNDS		<u>2,929</u>	<u>8,026</u>

Approved by the Board of Directors on 7 December 1999

Signed on behalf of the Board of Directors

D O Ball Director

# **KCL ENTERPRISES LIMITED**

## **NOTES TO THE ACCOUNTS**

**For the year ended 31 July 1999**

### **1. ACCOUNTING POLICIES**

#### *Accounting convention*

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Tangible fixed assets*

Depreciation is provided on cost in equal instalments over the estimated lives of the assets. The annual rates of depreciation are as follows:

Furniture and Equipment - 25% per annum

Motor Vehicles - 25% per annum

#### *Pension costs*

The pension schemes for the Company's staff are defined benefit schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme. Pension costs are assessed on the latest actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the Company benefits from the employees' services.

#### *Covenant payments*

The Company has a deed of covenant arrangement to annually covenant its profits to King's College London.

#### *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 that are eliminated on consolidation.



# KCL ENTERPRISES LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 July 1999

### 2. TURNOVER

Turnover represents fees and external income receivable.

	1999	1998
Turnover by destination:	£	£
United Kingdom	1,034,457	1,110,328
Other	7,597	2,207
	<u>1,042,054</u>	<u>1,112,535</u>

### 3. LOSS ON ORDINARY ACTIVITIES IS STATED AFTER CHARGING:

	1999	1998
	£	£
Depreciation - owned assets	18,702	9,898
Auditors' remuneration	2,585	2,500
	<u>21,287</u>	<u>12,398</u>

The loss on disposal of fixed assets was nil (1998 - nil).

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

All staff, including Directors, are seconded from the parent company and recharged to KCL Enterprises Limited. An analysis of the charge made by the parent company is given below.

Average number of persons seconded during the year:

	1999	1998
	No.	No.
Full-time	24	17
Part-time	<u>9</u>	<u>8</u>

# KCL ENTERPRISES LIMITED

## NOTES TO THE ACCOUNTS

As at 31 July 1999

Staff costs incurred during the year (including directors' emoluments):

	1999 £	1998 £
Wages and salaries	692,307	504,512
Social security costs	50,511	38,334
Other pension costs	68,691	42,923
	<u>811,509</u>	<u>585,769</u>
Directors' emoluments		
Other emoluments	60,145	60,046
Pension scheme contributions	8,793	8,406
	<u>68,938</u>	<u>68,452</u>

One Director was a member of a defined benefit pension scheme (1998 - One).

## 5. TANGIBLE FIXED ASSETS

	Furniture and Equipment £	Motor Vehicles £	Total £
Cost :			
At 1 August	29,605	-	29,605
Additions	23,749	21,450	45,199
Disposals	(3,669)	-	(3,669)
At 31 July	<u>49,685</u>	<u>21,450</u>	<u>71,135</u>
Depreciation :			
At 1 August	12,289	-	12,289
Charge for the year	13,339	5,363	18,702
Disposals	(3,669)	-	(3,669)
At 31 July	<u>21,959</u>	<u>5,363</u>	<u>27,322</u>
Net Book Value at 31 July 1999	<u>27,726</u>	<u>16,087</u>	<u>43,813</u>
Net Book Value at 31 July 1998	<u>17,316</u>	<u>-</u>	<u>17,316</u>

# KCL ENTERPRISES LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 July 1999

### 6. DEBTORS

	1999 £	1998 £
Other	-	5,287
	<u>-</u>	<u>5,287</u>

### 7. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Amount due to parent undertaking	35,217	8,916
Income tax	22,782	72,371
Accruals	1,190	-
Audit fee	2,585	2,500
	<u>61,774</u>	<u>83,787</u>

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no tax charge in either year due to the payment of a deed of covenant to the company's parent undertaking. There are no tax losses carried forward.

### 9. CALLED UP SHARE CAPITAL

	1999	1998
Authorised : 100 ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
Allotted, called up and fully paid : 2 ordinary shares of £1 each	<u>£2</u>	<u>£2</u>

### 10. RESERVES

	1999 £	1998 £
At beginning of the year	8,024	11,519
Loss for the year	(5,097)	(3,495)
At end of the year	<u>2,927</u>	<u>8,024</u>

## KCL ENTERPRISES LIMITED

### NOTES TO THE ACCOUNTS

As at 31 July 1999

#### 11. CAPITAL COMMITMENTS

There were no commitments contracted as at 31 July 1999 (1998 - nil).

#### 12. PENSIONS

The Company's employees are members of the pension schemes of King's College London. The two principal pension schemes of King's College London are the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). The assets of the schemes are held in separate trustee-administered funds. The schemes are defined benefit schemes which are externally funded and are valued every three years by actuaries using the aggregate method, the rates of contribution payable being determined by the trustees on the advice of the actuaries.

The assumptions and other data which have the most significant effect on the contribution levels are as follows:

	USS	SAUL
Latest actuarial valuation	31 March 1996	31 March 1996
Investment returns per annum	8.5%	9.0%
Salary scale increases per annum	6.5%	6.5%
Pensions increases per annum	5.0%	5.0%
Market value of assets at date of last valuation	£12,087 million	£551 million
Proportion of member's benefits covered by the actuarial value of the assets	108%	120%

#### 13. PARENT UNDERTAKING

In the opinion of the Directors the parent undertaking and controlling party is King's College London, a body registered in England and Wales by Royal Charter.

Copies of King's College London financial statements may be obtained from King's College London, Strand, London WC2R 2LS.