

Company Number: 2714181

KCL ENTERPRISES LIMITED

REPORT AND FINANCIAL STATEMENTS

31 JULY 2001



KCL ENTERPRISES LIMITED

REPORT AND FINANCIAL STATEMENTS

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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
Ms S Jacobs (Commercial Director)	6 June 2000
Mr S Large	6 June 2000
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
Verulam Point
Station Way
St Albans
Herts AL1 5HE

SOLICITORS

Nabarro Nathanson
Lacon House
84 Theobalds Road
London
WC1X 8RW

KCL ENTERPRISES LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 July 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 as at the end of the financial year and the profit and 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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; and
- v) to manage selected College activities in research administration , continuing education and knowledge transfer.

The company also 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 2000/01 was £86,961 (1999/00 - £126,343). This was close to the planned profit of £90,000 and was achieved on lower than planned turnover and staff costs. The profit resulted primarily from licensing and services rendered. The profit has been donated to the College.

A modest increase in turnover is planned for 2001/02 as the company increases service provision especially on research grants and contract support activities for the College.

Profit is not expected to increase in 2001/02. This is due to a shift of technology transfer activity from revenue generating licenses to establishing spin-out companies in which the College holds equity.

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 (2000:nil).


DIRECTORS

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

DIRECTORS' INTEREST IN SHARES

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

By order to the Board,


S. Large, Director
3 December 2001

AUDITORS' REPORT TO THE MEMBERS OF KCL ENTERPRISES LIMITED

We have audited the financial statements of KCL Enterprises Ltd for the year ended 31 July 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

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 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.

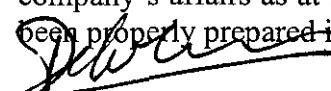
Basis of audit opinion

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 31 July 2001 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
Verulam Point
Station Way
St Albans
AL1 5HE

6 December 2001

KCL ENTERPRISES LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 July 2001**

	Note	2001 £	2000 £
Turnover: Continuing Operations	2	1,429,986	1,246,425
Operating expenses		(1,343,025)	(1,120,082)
Operating profit: Continuing Operations		<u>86,961</u>	<u>126,343</u>
Covenant payments and gift aid donations to group companies		(86,961)	(126,359)
Loss on ordinary activities before taxation	3	<u>-</u>	<u>(16)</u>
Taxation	7	(720)	-
Loss on ordinary activities after taxation transferred from reserves	9	<u><u>(720)</u></u>	<u><u>(16)</u></u>

There are no gains or losses for the year other than those passing through the profit and loss account. Accordingly no statement of movements on shareholders' funds has been produced.

There are no recognised gains or losses other than those passing through the profit and loss account. Accordingly a statement of Total Recognised Gains and Losses has not been produced.

KCL ENTERPRISES LIMITED

BALANCE SHEET

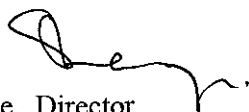
As at 31 July 2001

	Note	2001	2000
		£	£
FIXED ASSETS			
Tangible assets	5	49,775	51,235
CURRENT ASSETS			
Cash at bank and in hand		<u>100</u>	<u>111</u>
		<u>100</u>	<u>111</u>
CREDITORS:			
AMOUNTS FALLING DUE			
WITHIN ONE YEAR	6	<u>(49,045)</u>	<u>(49,796)</u>
NET CURRENT LIABILITIES		(48,945)	(49,685)
TOTAL NET ASSETS		<u>830</u>	<u>1,550</u>
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Profit and loss account	9	828	1,548
EQUITY SHAREHOLDERS' FUNDS		<u>830</u>	<u>1,550</u>

Approved by the Board of Directors on 3 December 2001

Signed on behalf of the Board of Directors

S Large, Director



KCL ENTERPRISES LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 2001

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

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 - 20% per annum

Motor Vehicles - 20% 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 and Gift Aid donations

The Company had a deed of covenant arrangement to annually covenant its profits to King's College London which was terminated on 9 May 2001.

The Company has a gift aid arrangement to annually donate its profits to King's College London as from the financial year ending 31 July 2001.

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.

Cash flow statement

The Company has not produced a cash flow statement since it has taken advantage of the exemption available to wholly owned subsidiaries, given by Financial Reporting Standard 1(revised), Cash Flow Statements.

KCL ENTERPRISES LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 2001

2. TURNOVER

Turnover represents fees and external income receivable.

	2001	2000
Turnover by destination:	£	£
United Kingdom	1,424,437	1,231,493
Other	5,549	14,932
	<u>1,429,986</u>	<u>1,246,425</u>

3. LOSS ON ORDINARY ACTIVITIES IS STATED AFTER CHARGING:

	2001	2000
	£	£
Depreciation - owned assets	22,477	12,809
Auditors' remuneration	2,760	2,660
	<u>25,237</u>	<u>15,469</u>

The loss on disposal of fixed assets was nil (2000 - nil) as all assets were fully written down on disposal.

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:

	2001	2000
	No.	No.
Full-time	30	28
Part-time	<u>11</u>	<u>10</u>

KCL ENTERPRISES LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 2001

Staff costs incurred during the year:

	2001 £	2000 £
Wages and salaries	986,311	831,234
Social security costs	76,524	64,356
Other pension costs	106,567	91,321
	<u>1,169,402</u>	<u>986,911</u>
Directors' emoluments		
Other emoluments	163,337	117,449
Pension scheme contributions	23,185	18,936
	<u>186,522</u>	<u>136,385</u>

Two Directors were members of a defined benefit pension scheme (2000: two).

5. TANGIBLE FIXED ASSETS

	Furniture and Equipment £	Motor Vehicles £	Total £
Cost :			
At 1 August	69,916	21,450	91,366
Additions	21,017	0	21,017
Disposals	(12,216)	-	(12,216)
At 31 July	<u>78,717</u>	<u>21,450</u>	<u>100,167</u>
Depreciation :			
At 1 August	31,551	8,580	40,131
Charge for the year	18,187	4,290	22,477
Disposals	(12,216)	-	(12,216)
At 31 July	<u>37,522</u>	<u>12,870</u>	<u>50,392</u>
Net Book Value at 31 July 2001	<u>41,195</u>	<u>8,580</u>	<u>49,775</u>
Net Book Value at 31 July 2000	<u>38,365</u>	<u>12,870</u>	<u>51,235</u>

KCL ENTERPRISES LIMITED**NOTES TO THE ACCOUNTS****For the year ended 31 July 2001****6. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2001 £	2000 £
Amount due to parent undertaking	26,254	30,998
Corporation tax	720	-
Accruals	19,311	16,138
Audit fee	2,760	2,660
	<u>49,045</u>	<u>49,796</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
Corporation Tax @ 10%	<u>720</u>	<u>-</u>

There is no tax charge in the year ending 31 July 2000 due to the payment under a deed of covenant to the Company's parent undertaking. There are no tax losses carried forward.

8. CALLED UP SHARE CAPITAL

	2001 £	2000 £
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>

9. RESERVES

	2001 £	2000 £
At beginning of the year	1,548	1,564
Loss for the year after taxation	(720)	(16)
At end of the year	<u>828</u>	<u>1,548</u>

KCL ENTERPRISES LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 2001

10. 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), for academic and related staff, and the Superannuation Arrangements of the University of London (SAUL), for technical, clerical and other staff. 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 USS and SAUL are unable to identify the Company's share of the underlying assets and liabilities of the scheme, therefore contributions are accrued for as if USS and SAUL were defined contribution schemes and pension costs are based on the amount actually paid in accordance with paragraphs 8-12 of Financial Reporting Standard Number 17, Retirement Benefits.

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 1999	31 March 1999
Investment returns per annum	4.5%	4.5%
Salary scale increases per annum	3.6%	4.1%
Pensions increases per annum	2.6%	2.6%
Market value of assets at date of last valuation	£18,870 million	£847 million
Proportion of member's accrued benefits covered by the actuarial value of the assets	108%	120%

11. PARENT UNDERTAKING

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

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