

Company Number: 2714181

KCL ENTERPRISES LIMITED

REPORT AND FINANCIAL STATEMENTS

31 JULY 1998



KCL ENTERPRISES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Date of Appointment

Professor A M Lucas (Chairman)	2 November 1992
Sir Ian Gainsford (Chairman)	Resigned 27 th November 1997
Dr M L Sims (Managing Director)	1 July 1993
Mr D O Ball	7 October 1992
Professor R C Hider	1 August 1994
Professor R M Hill	Resigned 27 th November 1997
Professor B W Ife	2 November 1992
Professor C G J Morse	Resigned 15 th June 1998
Professor L A Newson	Resigned 15 th June 1998
Mr W C Slade	Resigned 15 th June 1998
Dr D Wiliam	Resigned 15 th June 1998
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
------------------	----------------

REGISTERED OFFICE

King's College London
Strand
London WC2R 2LS

AUDITORS

Deloitte & Touche
Chartered Accountants and
Registered Auditors
Stonecutter Court
1 Stonecutter 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 1998.

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;
- 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.

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

Turnover for 1997/8 substantially exceeded the previous year through higher income from patents and reimbursement of services rendered to the College. This resulted in an operating profit for the year of £311,160 which was ahead of plan. Profit was covenanted to the College.

In the forthcoming year KCL Enterprises Limited will expand its activities to provide research support services to the newly enlarged King's College London resulting from mergers with the Institute of Psychiatry and the United Medical and Dental Schools of Guy's and St Thomas' Hospitals. A modest increase in turnover is planned but additional staff will be employed to provide these services resulting in an expected reduction in profit margin.

The company is currently assessing the impact of the year 2000 software modifications. At this point in time the company believes it is justified in assuming that the cost of year 2000 compliance will not be significant.

DIVIDENDS

The financial statements of the company are to be found on pages 5 to 10 of this report. The Directors do not propose a dividend (1997:nil).

DIRECTORS

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

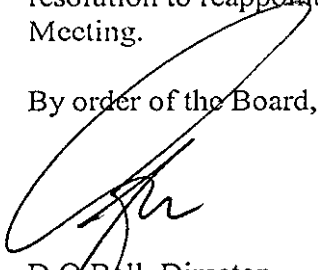
DIRECTORS' INTERESTS IN SHARES

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
8 December 1998

AUDITORS' REPORT TO THE MEMBERS OF KCL ENTERPRISES LIMITED

We have audited the financial statements on pages 5 to 10 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.

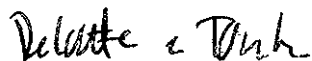
Basis of opinion

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 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 1998 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
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

7 December 1998

KCL ENTERPRISES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 July 1998

	Note	Continuing Operations	
		1998 £	1997 £
Turnover	2	1,112,535	829,410
Operating expenses		(801,373)	(652,758)
Operating profit		311,161	176,652
Covenant payments to group companies		(314,657)	(193,705)
Loss on ordinary activities before and after taxation transferred from reserves	10	(3,495)	(17,053)

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

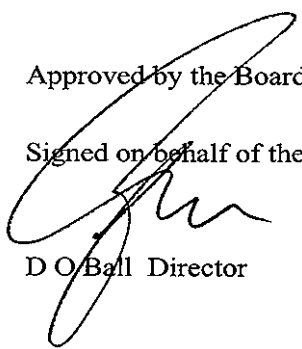
BALANCE SHEET

As at 31 July 1998

	Note	1998		1997	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		17,316		13,492
CURRENT ASSETS					
Debtors	6	5,287		-	
Cash at bank and in hand		69,210		46,288	
		<u>74,498</u>		<u>46,288</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	7	<u>(83,787)</u>		<u>(48,258)</u>	
NET CURRENT LIABILITIES			(9,289)		(1,970)
TOTAL NET ASSETS					
			<u>8,027</u>		<u>11,522</u>
CAPITAL AND RESERVES					
Called up share capital	9		2		2
Profit and loss account	10		8,025		11,520
EQUITY SHAREHOLDERS' FUNDS					
			<u>8,027</u>		<u>11,522</u>

Approved by the Board of Directors on 8 December 1998

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 1998

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

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.

2. TURNOVER

Turnover represents fees and external income receivable.

Turnover by destination:

United Kingdom

Other

1998	1997
£	£
1,110,328	828,865
2,207	545
<u>1,112,535</u>	<u>829,410</u>

3. LOSS ON ORDINARY ACTIVITIES IS STATED AFTER CHARGING:

Depreciation - owned assets

Auditors' remuneration

1998	1997
£	£
9,898	9,261
2,500	2,000
<u>12,398</u>	<u>11,261</u>

The loss on disposal of fixed assets was nil (1997 - nil).

KCL ENTERPRISES LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 1998

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:

	1998 No.	1997 No.
Full-time	17	16
Part-time	8	8

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

	1998 £	1997 £
Wages and salaries	504,512	469,647
Social security costs	38,334	35,663
Other pension costs	42,923	38,358
	<u>585,769</u>	<u>543,668</u>
Directors' emoluments		
Other emoluments	60,046	54,089
Pension scheme contributions	8,406	8,542
	<u>68,452</u>	<u>62,630</u>

One Director was a member of a defined benefit pension scheme.

KCL ENTERPRISES LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 1998

5. TANGIBLE FIXED ASSETS

	Furniture and Equipment	
	1998	1997
	£	£
Cost :		
At 1 August	25,869	24,828
Additions	13,721	12,216
Disposals	(9,986)	(11,175)
At 31 July	<u>29,605</u>	<u>25,869</u>
Depreciation :		
At 1 August	12,377	14,291
Charge for the year	9,898	9,261
Disposals	(9,986)	(11,175)
At 31 July	<u>12,289</u>	<u>12,377</u>
Net Book Value at 31 July	<u>17,316</u>	<u>13,492</u>

6. DEBTORS

	1998	1997
	£	£
Amount due from parent undertaking	-	-
Other	5,287	-
	<u>5,287</u>	<u>-</u>

7. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998	1997
	£	£
Amount due to parent undertaking	8,916	1,706
Income tax	72,371	44,552
Accruals	-	-
Audit fee	2,500	2,000
	<u>83,787</u>	<u>48,258</u>

KCL ENTERPRISES LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 1998

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

	1998	1997
Authorised : 100 ordinary shares of £1 each	£100	£100
Allotted, called up and fully paid : 2 ordinary shares of £1 each	£2	£2

10. RESERVES

	1998	1997
	£	£
At beginning of the year	11,520	28,573
Loss for the year	(3,495)	(17,053)
At end of the year	8,025	11,520

11. CAPITAL COMMITMENTS

There were no commitments contracted as at 31 July 1998 (1997 - nil).

12. 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.