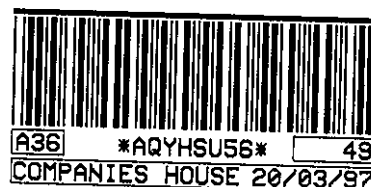


Company Number: 1659656



UNIVERSITY OF WARWICK

SCIENCE PARK LIMITED

Annual Report

Year Ended 30 September 1996

# **UNIVERSITY OF WARWICK SCIENCE PARK LIMITED**

Annual report  
for the year ended 30 September 1996

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**UNIVERSITY OF WARWICK SCIENCE PARK LIMITED****Directors and advisers****Non-executive directors**

Professor Sir B K Follett  
Professor R Whittenbury  
Mr J D M Hearth  
Mr K Thomas  
Councillor D A Forwood  
Councillor R Morris-Jones  
Mr P W G Robinson  
Dr I D Nussey

**Secretary and registered office**

Mr M L Shattock  
Senate House  
University of Warwick  
Coventry  
CV4 7AL

**Auditors**

Grant Thornton  
Chartered Accountants  
32-34 Queens Road  
Coventry  
CV1 3FJ

**Solicitors**

Martineau Johnson  
St Philips House  
St Philips Place  
Birmingham  
B3 2PP

**Bankers**

Barclays Bank plc  
University of Warwick Branch  
University of Warwick  
Coventry  
CV4 7AL

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

### Report of the directors for the year ended 30 September 1996

The directors present their report and the audited financial statements for the year ended 30 September 1996.

#### Principal activities

The University of Warwick Science Park Limited aims to provide a focus for technology transfer and information exchange between University research and the commercial exploitation of high technology processes. In establishing the company, the shareholders intended that the Science Park should build upon the joint strength of a well established scientific community and a skilled workforce to play an important role in the economy of the West Midlands Region throughout the 1990s and beyond.

#### Review of business and future developments

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future. Turnover for the year remained steady at £2,664,934 although rents received increased by £51,064 due to very high levels of occupancy achieved over the Park throughout the year ended 30 September 1996. Turnover from the Russian Federation decreased during the year from £380,045 in 1994/5 to £234,035, although this was partly offset by an increase in the value of business services provided from £177,027 to £236,680.

Good progress was achieved on the various projects which the Science Park undertakes to benefit companies both on the Park, and in the wider region.

#### Results and Dividends

The profit for the year after taxation was £66,416 (1995:£85,002) after making a contribution of £100,000 (1995:£50,000) to the Science Park Foundation.

The directors do not recommend the payment of a dividend and the profit has therefore been retained.

#### Directors

The directors of the company at 30 September 1996, all of whom have been directors for the whole of the year ended on that date, except where indicated, were:-

Name	Representing
Professor Sir B K Follett	University of Warwick
Professor R Whittenbury	University of Warwick
Mr J D M Hearth	University of Warwick
Mr K Thomas	West Midlands Enterprise Board

Councillor D A Forwood  
 Councillor R P L Morris-Jones  
 Councillor B R Clack  
 Mr P W G Robinson  
 Dr I D Nussey

Warwickshire County Council  
 Warwickshire County Council  
 Coventry City Council  
 Coventry City Council  
 (Appointed 9 February 1996)

Mr J Besserman retired from the Board on 26 June 1996, and with great regret we have to report that Councillor B.R. Clack died on 14 November 1996.

### **Directors' interests in the shares of the company**

No directors held beneficial interests in the shares of the company at 30 September 1996, or at any time during the year.

### **Directors' responsibilities for the financial statements**

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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Charitable donations**

Donations made during the year to charitable organisations amounted to £100,000 (1995: £50,000) and comprised a donation made to The University of Warwick Science Park Foundation.

### **Auditors**

Grant Thornton offer themselves for re-appointment as auditors in accordance with section 385 of the Companies Act 1985.

### **BY ORDER OF THE BOARD**

M L SHATTOCK  
 Secretary



**REPORT OF THE AUDITORS TO THE MEMBERS OF  
UNIVERSITY OF WARWICK SCIENCE PARK LIMITED**

We have audited the financial statements on pages 5 to 20 which have been prepared under the accounting policies set out on pages 8 and 9.

**Respective responsibilities of directors and auditors**

As described on page 3 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 the company's affairs at 30 September 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
COVENTRY

27 February 1997

# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

## Profit and loss account for the year ended 30 September 1996

	Notes	1996 £	1995 £
<b>Turnover</b>	2	<u>2,664,934</u>	<u>2,664,666</u>
<b>Operating Profit</b>	2	138,968	144,386
Interest receivable and similar income		37,637	42,436
Other income		13,462	11,560
Interest payable and similar charges	5	<u>(77,439)</u>	<u>(80,924)</u>
Profit on ordinary activities before taxation		112,628	117,458
Tax on profit on ordinary activities	6	<u>(46,212)</u>	<u>(32,456)</u>
<b>Profit for the financial year</b>		<u>66,416</u>	<u>85,002</u>
<b>Statement of retained profits</b>			
Retained profits at 1 October 1995		690,263	605,261
Profit for the financial year		66,416	85,002
<b>Retained profits at 30 September 1996</b>		<u>756,679</u>	<u>690,263</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

## Balance sheet at 30 September 1996

	Notes	1996 £	£	1995 £	£
<b>Fixed assets</b>					
Tangible assets	7		10,494,166		10,619,239
Investments	8		250,001		-
<b>Current assets</b>					
Debtors	9	575,530		659,372	
Cash at bank and in hand		<u>970,798</u>		<u>708,435</u>	
		1,546,328		1,367,807	
<b>Creditors: amounts falling due within one year</b>	10	<u>(993,562)</u>		<u>(847,927)</u>	
<b>Net current assets</b>			552,766		519,880
<b>Total assets less current liabilities</b>			<u>11,296,933</u>		<u>11,139,119</u>
<b>Creditors: amounts falling due after more than one year</b>	11	<u>(2,972,448)</u>		<u>(2,912,374)</u>	
<b>Accruals and deferred income</b>	14	<u>(624,029)</u>		<u>(637,491)</u>	
			<u>(3,596,477)</u>		<u>(3,549,865)</u>
			7,700,456		7,589,254
<b>Capital and reserves</b>					
Called up share capital	15		27,997		27,997
Share premium	16		449,064		449,064
Revaluation reserve	16		6,392,157		6,347,371
Other reserves	16		74,559		74,559
Profit and loss account			756,679		690,263
<b>Shareholders' funds</b>	17		<u>7,700,456</u>		<u>7,589,254</u>

The financial statements were approved by the Board of Directors on 27 February 1997.

Director *BK To* Director *MS To*

The accompanying accounting policies and notes form an integral part of these financial statements.



**UNIVERSITY OF WARWICK SCIENCE PARK LIMITED**
**Statement of total recognised gains and losses for the year ended 30 September 1996**

	1996	1995
	£	£
Profit for the financial year	66,416	85,002
Unrealised surplus on revaluation of land and buildings	44,786	-
	<hr/>	<hr/>
<b>Total recognised gains and losses for the year</b>	<b><u>111,202</u></b>	<b><u>85,002</u></b>
<b>Note of historical cost profits and losses</b>	<b>1996</b>	<b>1995</b>
	£	£
	<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	<b>112,628</b>	<b>117,458</b>
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	79,750	78,195
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	<b><u>192,378</u></b>	<b><u>195,653</u></b>
	<hr/>	<hr/>
Historical cost profit retained	<b><u>160,894</u></b>	<b><u>163,197</u></b>

The accompanying accounting policies and notes form an integral part of these financial statements.

## **UNIVERSITY OF WARWICK SCIENCE PARK LIMITED**

### **Notes to the financial statements for the year ended 30 September 1996**

#### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards. The principal accounting policies of the company have remained unchanged from the previous year, and are set out below.

##### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of leasehold land and buildings.

##### **Fixed assets**

Long leasehold land and infrastructure and long leasehold buildings are stated at valuation; subsequent additions are stated at cost. It is the intention of the directors to revalue these assets every five years.

Other fixed assets are stated at their purchase cost together with any incidental expenses of acquisition.

The cost or valuation of leasehold land and infrastructure is amortised over the remaining period of the lease commencing from the date that those assets are first brought into use. The cost or valuation of leasehold buildings is amortised over 60 years or the remaining period of the lease if shorter.

Fixtures and fittings are depreciated over 5 years by the straight line method. Sundry plant and equipment is carried forward at a nominal value, the cost being written off in the year in which the expenditure occurs.

##### **Turnover**

Turnover represents rents, services and service charges receivable.

##### **Deferred tax**

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is shown as a contingent liability.

##### **Investments**

Investments are stated at cost less amounts written off.

**UNIVERSITY OF WARWICK SCIENCE PARK LIMITED****Notes to the financial statements continued  
for the year ended 30 September 1996****Pension schemes**

The company participates in two defined benefit pension schemes. Each of the funds is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years, the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees services. The effects of variations from the regular cost are spread over the expected average remaining service lives of members of the schemes.

**Government grants**

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life. Other grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

**Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

**Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued  
for the year ended 30 September 1996

## 2 Turnover and profit on ordinary activities

	1996 £	1995 £
Turnover	2,664,934	2,664,666
Rent payable	(846,863)	(812,724)
Administration expenses	(1,202,510)	(1,244,493)
Establishment expenses	(542,222)	(542,220)
Government grants credited	65,629	79,157
Operating Profit	<u>138,968</u>	<u>144,386</u>

Turnover consists entirely of sales made in the United Kingdom and the Russian Federation and includes United Kingdom rental revenue from operating leases of £1,874,612 (1995 £1,823,548), and £234,035 (1995:£380,045) from a contract for training and technology transfer services for the Russian Federation

Profit on ordinary activities is stated after charging/(crediting):-

	1996 £	1995 £
Auditors' remuneration	6,825	6,500
Operating lease rentals for plant and machinery	3,506	3,506
Depreciation of tangible fixed assets	42,650	31,332
Lease amortisation	141,398	140,532
Government grants credited	(65,629)	(79,157)
Donations	<u>100,000</u>	<u>50,000</u>

## 3 Directors' emoluments

The directors received no emoluments from the company during the year (1995: £NIL)

# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued  
for the year ended 30 September 1996

## 4 Employee information

The average weekly number of persons employed by the company during the year is analysed below:

	1996	1995
Administration	18	18
	=	=
Employment costs:	1996	1995
	£	£
Wages and salaries	331,283	310,880
Social security costs	28,580	26,463
Other pension costs	40,849	39,402
	<hr/>	<hr/>
Total direct costs of employment	400,712	376,745
	<hr/> <hr/>	<hr/> <hr/>

## 5 Interest payable and similar charges

	1996	1995
	£	£
On bank loans and overdrafts	53,520	57,005
On other loans	23,919	23,919
	<hr/>	<hr/>
	77,439	80,924
	<hr/> <hr/>	<hr/> <hr/>

## 6 Taxation

	1996	1995
	£	£
The tax charge represents:		
Corporation tax at 24% (1995 25%)	58,000	32,456
Adjustment in respect of prior years	(11,788)	-
	<hr/>	<hr/>
	46,212	32,456
	<hr/> <hr/>	<hr/> <hr/>

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued  
for the year ended 30 September 1996

## 7 Tangible fixed assets

	Long leasehold land and infra- structure	Long leasehold buildings	Fixtures fittings and sundry plant and equipment	Total
	£	£	£	£
<b>Cost or valuation</b>				
1 October 1995	4,921,537	5,822,133	329,585	11,073,255
Additions	8,130	-	50,845	58,975
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>30 September 1996</b>	<b><u>4,929,667</u></b>	<b><u>5,822,133</u></b>	<b><u>380,430</u></b>	<b><u>11,132,230</u></b>
<b>Depreciation</b>				
1 October 1995	36,007	104,525	313,484	454,016
Charge for year	36,007	105,391	42,650	184,048
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>30 September 1996</b>	<b><u>72,014</u></b>	<b><u>209,916</u></b>	<b><u>356,134</u></b>	<b><u>638,064</u></b>
<b>Net book value</b>	<b>4,857,653</b>	<b>5,612,217</b>	<b>24,296</b>	<b>10,494,166</b>
<b>30 September 1996</b>	<b><u>          </u></b>	<b><u>          </u></b>	<b><u>          </u></b>	<b><u>          </u></b>
<b>Net book value</b>	<b>4,885,530</b>	<b>5,717,608</b>	<b>16,101</b>	<b>10,619,239</b>
<b>30 September 1995</b>	<b><u>          </u></b>	<b><u>          </u></b>	<b><u>          </u></b>	<b><u>          </u></b>
Cost or valuation at 30 September 1996 is represented by:				
Valuation	4,909,250	5,822,133	-	10,732,250
Cost	20,417	-	380,430	399,980
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b><u>4,929,667</u></b>	<b><u>5,822,133</u></b>	<b><u>380,430</u></b>	<b><u>11,132,230</u></b>

# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

## Notes to the financial statements for the year ended 30 September 1996

### Valuations

Land and buildings are included at a 1994 valuation of £10,732,250 with subsequent additions at cost. No provision has been made in the deferred taxation account for the estimated corporation tax that would be payable on disposal at this valuation because, in the opinion of the directors, these assets are unlikely to be disposed of in the foreseeable future.

The historical cost and related depreciation of land and buildings included at a valuation are set out below:

	Long leasehold land and infrastructure		Long leasehold buildings	
	1996 £	1995 £	1996 £	1995 £
Historical cost	2,897,753	2,889,623	2,474,512	2,519,299
Depreciation based on cost	(180,067)	(159,661)	(252,455)	(211,213)
Historical cost net book value	<u>2,717,686</u>	<u>2,729,962</u>	<u>2,222,057</u>	<u>2,308,086</u>

### 8 Investments

The University of Warwick Science Park Limited is the holder of 250,001 'B' Ordinary Shares of £1 each representing 100% of that class in the Warwick Science Park Innovation Centre Limited. Warwickshire County Council is also a shareholder of the company holding 62,500 'A' Ordinary Shares of £1 each and 687,500 'A' Preference Shares of £1 each, representing 100% of the shares issued of those classes. The objects of the company are to construct and operate an incubator unit on the Warwick Technology Park. Construction commenced in July 1996 and is anticipated for completion during April 1997. The first financial period of the company will run to 30 September 1997. The University of Warwick Science Park Limited is standing as guarantor for a loan of £500,000 to assist in the construction, and has also committed itself to provide working capital up to £150,000, on a temporary loan basis, during the initial stages of the company's life.

#### Cost

Additions and at 30 September 1996

£250,001

# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

## Notes to the financial statements for the year ended 30 September 1996

### 9 Debtors

	1996 £	1995 £
Trade debtors	228,375	171,976
Prepayments and accrued income	270,657	449,613
Other debtors	76,498	37,783
	<hr/>	<hr/>
	575,530	659,372
	<hr/> <hr/>	<hr/> <hr/>

Included within prepayments and accrued income is an amount of £29,504 (1995 £58,920) due after more than one year.

### 10 Creditors: amounts falling due within one year

	1996 £	1995 £
Trade Creditors	596,637	503,742
Bank loans (see note 11)	88,654	76,500
Corporation tax payable	60,940	49,178
Other creditors including:		
Sinking fund (see note 12)	81,557	69,029
Interest payable on debenture loans	14,339	14,339
Other	23,647	12,500
Accruals	127,788	122,639
	<hr/>	<hr/>
	993,562	847,927
	<hr/> <hr/>	<hr/> <hr/>



# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

## Notes to the financial statements for the year ended 30 September 1996

### 11 Creditors: amounts falling due after more than one year

	1996	1995
	£	£
Debenture loans	2,311,912	2,311,912
Bank loans	660,536	600,462
	<u>2,972,448</u>	<u>2,912,374</u>

The bank loans are secured by legal charges over certain land and buildings. The debenture loans are secured on the company's other leasehold property ranking after the banks' charges.

An analysis of the loans by due date of repayment is set out below:

	1996	1995
	£	£
<b>Repayable after five years:</b>		
1% Debenture loans 2011/2012	1,811,250	1,811,250
1% Debenture loan 2015/2016	323,730	323,730
1% Debenture loan 2016/2017	99,000	99,000
1% Other debenture loans	77,932	77,932
	<u>2,311,912</u>	<u>2,311,912</u>

Other debenture loans become payable at different times, depending upon when the site is developed.

#### Bank loans:

Repayable by instalments within one year	88,654	76,500
After one and within two years	81,654	76,500
After two and within five years	168,462	173,000
After five years	410,420	350,962
	<u>749,190</u>	<u>676,962</u>

Interest on bank loans is charged at 1.5% over LIBOR. The largest loan, of which £542,308 is outstanding at 30 September 1996, has an interest cap at 10% until May 1998.

# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

## Notes to the financial statements for the year ended 30 September 1996

### 12 Sinking fund

The sinking fund comprises monies held against future essential major repairs on buildings in which the company has a long leasehold interest. The movement on the sinking fund during the year is set out below:-

	£
At 1 October 1995	69,029
Payment into fund	9,500
Interest receivable	3,028
Withdrawals from fund	-
	<hr/>
At 30 September 1996	<u>81,557</u>

### 13 Deferred taxation

Analysis of provision and potential liability:-

	Amount provided		Full potential liability	
	1996	1995	1996	1995
	£	£	£	£
Revalued properties	<u>-</u>	<u>--</u>	<u>1,286,000</u>	<u>1,350,000</u>

### 14 Accruals and deferred income

£

#### Government and other grants

At 1 October 1995	637,491
Amortisation in year	(13,462)
	<hr/>
At 30 September 1996	<u>624,029</u>

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements  
for the year ended 30 September 1996

## 15 Called up share capital

	1996 £	1995 £
Authorised:		
Voting share capital		
27,092 shares of £1 each	27,092	27,092
Non voting share capital		
10,000 shares of £1 each	10,000	10,000
	<u>37,092</u>	<u>37,092</u>
Alotted and called up and fully paid		
Voting share capital		
27,092 shares of £1 each	27,092	27,092
Non voting share capital		
905 shares of £1 each	905	905
	<u>27,997</u>	<u>27,997</u>

The voting and non-voting shares are both equity shares and rank pari passu in all respects other than in respect to voting rights.

## 16 Share premium account and reserves

	Share Premium Account £	Revaluation Reserve (see note 7) £	Other Reserves £
At 1 October 1995	449,064	6,347,371	74,559
Revaluation surplus	-	44,786	-
At 30 September 1996	<u>449,064</u>	<u>6,392,157</u>	<u>74,559</u>

**UNIVERSITY OF WARWICK SCIENCE PARK LIMITED**
**Notes to the financial statements  
for the year ended 30 September 1996**
**17 Reconciliation of movements in shareholders' funds**

	1996	1995
	£	£
Profit for the financial year	66,416	85,002
Increase in revaluation reserve	44,786	-
	<hr/>	<hr/>
Net increase in shareholders' funds	111,202	85,002
Shareholders' funds at 1 October 1995	7,589,254	7,504,252
	<hr/>	<hr/>
<b>Shareholders' funds at 30 September 1996</b>	<b>7,700,456</b>	<b>7,589,254</b>
	<hr/> <hr/>	<hr/> <hr/>

# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

## Notes to the financial statements for the year ended 30 September 1996

### 18 Contingent liabilities and financial commitments

At 30 September 1996 the company had a contingent liability in respect of a bank loan of £500,000 taken by Warwick Science Park Innovation Centre Limited, for which the company is guarantor (Note 8), and had committed itself to providing up to £150,000 in working capital. There were no other contingent liabilities at 30 September 1996 and 30 September 1995 except in respect of deferred taxation (Note 13).

#### Lease commitments

The company has financial commitments in respect of non-cancellable operating leases of sundry plant and machinery. The rentals payable under these leases in the next year are as follows:-

	1996 £	1995 £
Date of lease termination:		
Within one year	2,045	3,506
In second to fifth years inclusive	-	2,045
	<hr/>	<hr/>
	2,045	5,551
	<hr/>	<hr/>

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

### Notes to the financial statements for the year ended 30 September 1996

#### 19 The Local Government and Housing Act 1989

The Directors are of the opinion that the Company does not, and did not have for the year ending 30 September 1996, any business relationship with any local authority, as defined under Section 69(3) of the Local Government and Housing Act 1989.

#### 20 Pension Schemes

Certain employees are members of the University of Warwick Pension Scheme. This is an exempt-approved pension scheme. The scheme provides retirement benefits (based on final pensionable salary) and lump sum and spouses death in service benefits. The scheme is set up under trust and the assets are held in a separate trustee administered fund. The last actuarial valuation was as at 6 April 1995. The pension costs were assessed in accordance with the advice of a qualified actuary using the Projected Unit method. The major financial assumptions used were that the long term investment returns would average 9% per annum compound, that long term salary increases (both promotional and inflationary) would average 7.5% per annum compound (but at 6% per annum for 3 years to 1998) and that pensions would increase at a minimum rate of 3% per annum compound.

The market value of the assets at 5 April 1995 was £25,525,500 and the actuarial valuation of the assets showed them to be sufficient to cover 107% of the benefits which had accrued to members after allowing for expected future increases in earnings. To reduce this surplus, on the advice of the actuary, the University of Warwick did not pay contributions until 1 October 1995, and has recommenced reduced contributions at 8% of earnings, compared with the 13.15% long term rate calculated by the actuary.

Other employees are members of the Universities Superannuation Scheme. The scheme provides retirement benefits (based on final pensionable salary). The assets of the scheme are held in a separate trustee administered fund.

The last actuarial valuation for which figures were available at the end of the financial year was at 31 March 1993. The pension costs were assessed in accordance with the advice of a qualified actuary using the Projected Unit method. The major financial assumptions used were that the long term investment returns would be 8.5% per annum, that long term salary increases would be 6.5% per annum and that pensions would increase by 5% per annum. The market value of the assets at 31 March 1993 was £7,831 million and the actuarial valuation of the assets showed them to be sufficient to cover 97% of the benefits which had accrued to members after allowing for expected future increases in earnings. The level of contributions paid by the employing institutions takes into account this actuarial deficiency. The pension contribution charged in the accounts comprises a regular cost of 13.78% plus 4.77% which is calculated to result in the shortfall on costs below liabilities being allocated over approximately 5 years.

The company's contributions to the schemes are shown in note 4 of these accounts.

# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

## Profit and loss account for the year ended 30 September 1996

	£	1996 £	£	1995 £
<b>Turnover</b>		2,664,934		2,664,666
<b>Direct expenses</b>				
Rent payable		(846,863)		(812,724)
<b>Operating expenses</b>				
Administrative expenses		(1,136,881)		(1,165,336)
Establishment expenses		(542,222)		(542,220)
		<hr/>		<hr/>
<b>Operating profit</b>		138,968		144,386
<b>Other income</b>				
Interest receivable		37,637		42,436
Grants received		13,462		11,560
		<hr/>		<hr/>
		190,067		198,382
<b>Other expenses</b>				
Debenture loan interest	(23,919)		(23,919)	
Interest on secured loan	(53,520)		(57,005)	
	<hr/>	(77,439)	<hr/>	(80,924)
<b>Profit on ordinary activities before taxation</b>		<hr/>		<hr/>
		112,628		117,458
		<hr/>		<hr/>

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Operating expense details  
for the year ended 30 September 1996

	1996		1995	
	£	£	£	£
<b>Administrative expenses</b>				
Advertising and publicity	55,342		73,823	
Bad debts	1,260		2,878	
Bank charges and interest	4,917		2,952	
Depreciation	42,650		31,332	
Donation-charitable	100,000		50,000	
Lease amortisation	141,398		140,532	
Leasing and hire charges	3,506		3,506	
Legal and professional	73,785		46,601	
Postage and telephone	79,754		64,151	
Printing and stationery	30,035		29,763	
Publications and translations	6,859		8,126	
Staff training and welfare	17,751		20,635	
Subscriptions	6,703		4,761	
Sundry expenses	71,852		76,229	
Travel, subsistence and entertaining	36,203		72,564	
Wages and salaries	331,283		310,880	
Staff pension	40,849		39,402	
Wages-employer's NI	28,580		26,463	
Subcontracted Russian project costs	129,783		239,895	
Grants receivable	(65,629)		(79,157)	
	<hr/>	<hr/>	<hr/>	<hr/>
		1,136,881		1,165,336
		<hr/>		<hr/>
<b>Establishment expenses</b>				
Cleaning	45,976		51,825	
Landscaping	65,564		54,948	
Light and heat	37,835		37,427	
Other services	38,023		37,090	
Insurance	40,692		50,072	
Repairs and renewals	236,148		289,641	
Security	77,984		21,217	
	<hr/>	<hr/>	<hr/>	<hr/>
		542,222		542,220
		<hr/>		<hr/>



## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Cash flow statement  
for the year ended 30 September 1996

	Note	1996 £	1995 £
Net cash inflow from operating activities	1	530,373	114,549
Returns on investments and servicing of finance:			
Interest received	37,637	42,436	
Interest paid	(79,236)	(92,903)	
Net cash outflow from returns on investments and servicing of finance		(41,599)	(50,467)
Taxation:			
UK corporation tax-paid		(34,450)	(94,143)
Investing activities:			
Purchase of tangible fixed assets	(14,188)	(49,536)	
Purchase of investments	(250,001)	-	
Net cash outflow from investing activities		(264,189)	(49,536)
Net cash inflow/(outflow) before financing		190,135	(79,597)
Financing:			
Repayment of borrowing	(77,772)	(119,961)	
New borrowing	150,000	-	
Net cash inflow/(outflow) from financing	2	72,228	(119,961)
Increase (decrease) in cash and cash equivalents	3	262,363	(199,558)

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the cash flow statement  
for the year ended 30 September 1996

## 1 Net cash inflow from operating activities

	1996 £	1995 £
Operating profit	138,968	144,386
Depreciation	184,048	171,864
Decrease/(Increase) in debtors	83,842	(221,696)
Increase/(Decrease) in creditors	123,515	(107,581)
Grants received	-	127,576
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>530,373</u>	<u>114,549</u>

## 2 Analysis of changes in financing

	Share capital (including premium)		Loans and amounts due under finance leases	
	1996 £	1995 £	1996 £	1995 £
At 1 October 1995	477,061	477,061	2,988,874	3,108,835
Net cash inflow/(outflow) from financing	-	-	72,228	(119,961)
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>477,061</u>	<u>477,061</u>	<u>3,061,102</u>	<u>2,988,874</u>

# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the cash flow statement  
for the year ended 30 September 1996

## 3 Analysis of changes in cash and cash equivalents

	1996 £	1995 £
At 1 October 1995	708,435	907,993
Net cash inflow/(outflow)	262,363	(199,558)
	<hr/>	<hr/>
At 30 September 1996	970,798	708,435
	<hr/> <hr/>	<hr/> <hr/>

## 4 Analysis of cash and cash equivalents

Cash and cash equivalents comprise:

	1996 £	1995 £	1994 £	Change in 1996 £	Change in 1995 £
Cash at bank and in hand	970,798	708,435	907,993	262,363	(199,558)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>