

Company Number: 1659656



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UNIVERSITY OF WARWICK

SCIENCE PARK LIMITED

Annual Report

Year Ended 30 September 1999

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

**Annual report
for the year ended 30 September 1999**

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UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Report of the directors for the year ended 30 September 1999

Directors and advisers

Non-executive directors

Professor Sir B K Follett
Professor R G Dyson
Mr K Thomas
Mr H R P Thompson
Mr A Hope
Councillor D A Forwood
Councillor R P L Morris-Jones
Councillor A Skipper
Councillor R Waugh
Mr P Howden
Dr I D Nussey

Secretary and registered office

Dr J W Nicholls
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 1999

The directors present their report and the audited financial statements for the year ended 30 September 1999.

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.

Review of business and future developments

The financial position at the end of the year was satisfactory, and the current level of activity is expected to continue into the foreseeable future. Turnover for the year increased from £2,935,390 to £2,970,719, with rents received increasing by £64,741 due to the continuing high levels of occupancy throughout the year to 30 September 1999. Service charges and other services provided increased from £832,690 to £856,115 although there was no income from the Russian Federation as the contract ended in the previous financial year.

The company signed an agreement with Coventry City Council and the Chamber during December 1998 for a joint investment to construct and operate a Business Innovation Centre in Coventry similar to the incubator unit on the Warwick Technology Park. Construction started on site during May 1999 and is due for completion at the end of April 2000.

Project activity, and resulting costs, were again expanded during the year, and overall progress was maintained on these projects which are of benefit to companies in the region.

Results and Dividends

The profit for the year before taxation amounted to £158,342 (1998: £134,637) and the profit after taxation was £104,192 (1998: £124,029).

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

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Report of the directors for the year ended 30 September 1999

Directors

| Name | Representing |
|-------------------------------|---|
| Professor Sir B K Follett | University of Warwick |
| Mr H R P Thompson | University of Warwick (appointed 9 March 1999) |
| Mr K Thomas | West Midlands Enterprise Ltd |
| Mr A Hope | West Midlands Enterprise Ltd |
| Councillor D A Forwood | Warwickshire County Council |
| Councillor R P L Morris-Jones | Warwickshire County Council |
| Councillor A Skipper | Coventry City Council |
| Councillor R Waugh | Coventry City Council (appointed 29 June 1999) |
| Dr I D Nussey | Independent |
| Mr P Howden | Independent (appointed 9 March 1999) |

Professor R Whittenbury resigned as a director with effect from 30 August 1999.

Mr P W G Robinson resigned as a director with effect from 29 June 1999.

Professor R G Dyson was appointed as a director with effect from 2 November 1999.

Directors' interests in the shares of the company

No directors held interests in the shares of the company at 30 September 1999, 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.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Report of the directors for the year ended 30 September 1999

Charitable donations

Donations made during the year to charitable organisations amounted to £132,000 (1998: £26,000) and comprised a donation made to The University of Warwick Science Park Foundation.

Land and buildings

During the year long leasehold land and buildings were revalued and the revised values incorporated in the financial statements. The surplus of £2,606,940 arising from the revaluation has been transferred to reserves.

Year 2000 Compliance

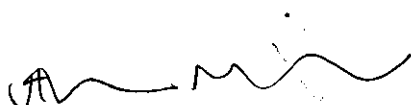
The company reviewed its computer systems for the impact of the Year 2000 date change, prepared an action plan to address the issue and carried out all necessary measures. All systems have continued to operate properly over the year 2000 date change and through any roll over procedures that occurred at a later date.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependent on the compliance of their major customers, suppliers and other trading partners, any impact that has occurred on their systems will affect the company's business to a greater or lesser extent.

Auditors

Grant Thornton having offered themselves for re-appointment as auditors shall be deemed to be re-appointed for the next financial year in accordance with section 386 of the Companies Act 1985.

BY ORDER OF THE BOARD



J W NICHOLLS
Secretary
16 February 2000

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

We have audited the financial statements on pages 6 to 23 which have been prepared under the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the 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.

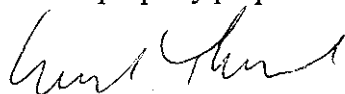
Basis of opinion

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 1999 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

16 February 2000

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Profit and loss account for the year ended 30 September 1999

| | Note | 1999 | 1998 |
|---|------|------------------|------------------|
| | | £ | £ |
| Turnover | 2 | <u>2,970,719</u> | <u>2,935,390</u> |
| Operating Profit | 2 | 197,442 | 176,125 |
| Income from fixed asset investments | 3 | 9,511 | - |
| Interest receivable and similar income | | 21,758 | 29,661 |
| Other income | | 11,560 | 11,560 |
| Interest payable and similar charges | 6 | <u>(81,929)</u> | <u>(82,709)</u> |
| Profit on ordinary activities before taxation | | 158,342 | 134,637 |
| Tax on profit on ordinary activities | 7 | <u>(54,150)</u> | <u>(10,608)</u> |
| Profit for the financial year | | <u>104,192</u> | <u>124,029</u> |
| Statement of retained profits | | | |
| Retained profits at 1 October 1998 | | 1,060,132 | 861,544 |
| Profit for the financial year | | 104,192 | 124,029 |
| Transfer from other reserves | | - | 74,559 |
| Retained profits at 30 September 1999 | | <u>1,164,324</u> | <u>1,060,132</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 1999

| | Note | 1999 £ | 1998 £ |
|---|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 8 | 13,022,628 | 10,585,299 |
| Investments | 9 | 1,079,623 | 350,001 |
| Current assets | | | |
| Debtors | 10 | 401,859 | 783,427 |
| Cash at bank and in hand | | <u>982,813</u> | <u>650,906</u> |
| | | 1,384,672 | 1,434,333 |
| Creditors: amounts falling due within one year | 11 | <u>(1,119,062)</u> | <u>(1,068,276)</u> |
| Net current assets | | 265,610 | 366,057 |
| Total assets less current liabilities | | <u>14,367,861</u> | <u>11,301,357</u> |
| Creditors: amounts falling due after more than one year | 12 | (3,138,030) | (2,771,098) |
| Accruals and deferred income | 15 | <u>(589,349)</u> | <u>(600,909)</u> |
| | | <u>(3,727,379)</u> | <u>(3,372,007)</u> |
| | | 10,640,482 | 7,929,350 |
| | | ===== | ===== |
| Capital and reserves | | | |
| Called up share capital | 16 | 27,997 | 27,997 |
| Share premium | 17 | 449,064 | 449,064 |
| Revaluation reserve | 17 | 8,999,097 | 6,392,157 |
| Profit and loss account | 17 | 1,164,324 | 1,060,132 |
| Shareholders' funds | 18 | <u>10,640,482</u> | <u>7,929,350</u> |
| | | ===== | ===== |

The financial statements were approved by the Board of Directors on 16 February 2000.

Director  Director 

B.K. POLLETT

R. HAUGH

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

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Cash flow statement for the year ended 30 September 1999

| | Note | 1999 £ | 1998 £ |
|--|-----------|------------------|------------------|
| Net cash inflow from operating activities | 25 | 837,621 | 442,039 |
| Dividends received from joint venture | | 9,511 | - |
| Returns on investments and servicing of finance: | | | |
| Interest received | 21,396 | | 31,828 |
| Interest paid | (79,063) | | (83,848) |
| Net cash outflow from returns on investments and servicing of finance | | (57,667) | (52,020) |
| Taxation: | | | |
| Corporation tax paid | | (9,271) | (48,608) |
| Capital expenditure | | | |
| Purchase of tangible fixed assets | (91,497) | | (268,842) |
| Net cash outflow from capital expenditure | | (91,497) | (268,842) |
| Acquisitions and disposals | | | |
| Purchase of investments | (729,622) | | (100,000) |
| Net cash outflow from acquisitions and disposals | | (729,622) | (100,000) |
| Net cash (outflow) before financing | | (40,925) | (27,431) |
| Financing: | | | |
| Repayment of borrowing | (52,168) | | (112,130) |
| New borrowing | 425,000 | | - |
| Net cash inflow/(outflow) from financing | | 372,832 | (112,130) |
| Increase/(decrease) in cash | 26 | 331,907 | (139,561) |

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Statement of total recognised gains and losses for the year ended 30 September 1999

| | | 1999 | 1998 |
|--|-----------|------------------|----------------|
| | £ | £ | £ |
| Profit for the financial year | | 104,192 | 124,029 |
| Unrealised surplus on revaluation of land and buildings: | | | |
| Increase in valuation | 1,895,195 | | |
| Depreciation eliminated upon revaluation | 711,745 | 2,606,940 | - |
| | | <hr/> | <hr/> |
| Total recognised gains and losses for the year | | 2,711,132 | 124,029 |
| | | ===== | ===== |

Note of historical cost profits and losses

| | 1999 | 1998 |
|--|----------------|----------------|
| | £ | £ |
| Profit on ordinary activities before taxation | 158,342 | 134,637 |
| Difference between historical cost depreciation charge and depreciation charge based on revalued amounts | 80,858 | 80,856 |
| | <hr/> | <hr/> |
| Historical cost profit on ordinary activities before taxation | 239,200 | 215,493 |
| | ===== | ===== |
| Historical cost profit retained | 185,050 | 204,885 |
| | ===== | ===== |

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 1999

1 Principal accounting policies

The principal accounting policies of the company have remained unchanged from the previous year, and are set out below.

Basis of preparation

The financial statements have been prepared under the historical cost convention except that leasehold land and buildings are shown at their revalued amounts.

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.

Income from investments

Investment income comprises dividends declared during the accounting period.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued for the year ended 30 September 1999

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 1999

2 Turnover and profit on ordinary activities

| | 1999 | 1998 |
|-------------------------|-------------|-------------|
| | £ | £ |
| Turnover | 2,970,719 | 2,935,390 |
| Rent payable | (916,074) | (897,811) |
| Administration expenses | (1,487,725) | (1,397,939) |
| Establishment expenses | (616,615) | (682,815) |
| Grants receivable | 247,137 | 219,300 |
| | <hr/> | <hr/> |
| Operating Profit | 197,442 | 176,125 |
| | ===== | ===== |

Turnover consists entirely of sales made in the United Kingdom and includes revenue of £2,114,604 from operating leases (1998 £2,049,864).

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

| | 1999 | 1998 |
|--|-----------|-----------|
| | £ | £ |
| Auditors' remuneration | 7,680 | 7,315 |
| Operating lease rentals for plant and machinery | 9,582 | 10,526 |
| Depreciation of tangible fixed assets | 116,946 | 116,084 |
| Lease amortisation | 144,162 | 144,154 |
| Grants receivable | (247,137) | (219,300) |
| Donations | 132,000 | 26,000 |
| | ===== | ===== |

3 Income from fixed asset investments

| | 1999 | 1998 |
|---|-------|-------|
| | £ | £ |
| From shares in group undertaking - University of Warwick Science Park Innovation Centre Limited | 9,511 | - |
| | ===== | ===== |

4 Directors' emoluments

The directors received no emoluments from the company during the year (1998: NIL)

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued
for the year ended 30 September 1999

5 Employee information

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

| | 1999 | 1998 |
|----------------------------------|---------|---------|
| Administration | 20 | 20 |
| | = | = |
| Employment costs: | 1999 | 1998 |
| | £ | £ |
| Wages and salaries | 439,742 | 418,618 |
| Social security costs | 35,719 | 34,819 |
| Other pension costs | 50,732 | 45,361 |
| | <hr/> | <hr/> |
| Total direct costs of employment | 526,193 | 498,798 |
| | ===== | ===== |

6 Interest payable and similar charges

| | 1999 | 1998 |
|------------------------------|--------|--------|
| | £ | £ |
| On bank loans and overdrafts | 59,589 | 59,979 |
| On other loans | 22,340 | 22,730 |
| | <hr/> | <hr/> |
| | 81,929 | 82,709 |
| | ===== | ===== |

7 Taxation

| | 1999 | 1998 |
|--------------------------------------|--------|---------|
| The tax charge represents: | £ | £ |
| Corporation tax at 21% (1998 21%) | 54,150 | 15,000 |
| Adjustment in respect of prior years | - | (4,392) |
| | <hr/> | <hr/> |
| | 54,150 | 10,608 |
| | ===== | ===== |

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued
for the year ended 30 September 1999

8 Tangible fixed assets

| | Long leasehold land and infra- structure | Long leasehold buildings | Fixtures fittings and sundry plant and equipment | Total |
|--|--|--------------------------------|--|------------|
| | £ | £ | £ | £ |
| Cost or valuation | | | | |
| 1 October 1998 | 4,951,160 | 5,933,233 | 824,131 | 11,708,524 |
| Additions | 912 | - | 90,585 | 91,497 |
| Surplus on revaluation | 873,094 | 1,022,101 | - | 1,895,195 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| 30 September 1999 | 5,825,166 | 6,955,334 | 914,716 | 13,695,216 |
| | ===== | ===== | ===== | ===== |
| Depreciation | | | | |
| 1 October 1998 | 144,289 | 423,294 | 555,642 | 1,123,225 |
| Charge for year | 36,175 | 107,987 | 116,946 | 261,108 |
| Eliminated on revaluation | (180,464) | (531,281) | - | (711,745) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| 30 September 1999 | - | - | 672,588 | 672,588 |
| | ===== | ===== | ===== | ===== |
| Net book value | | | | |
| 30 September 1999 | 5,825,166 | 6,955,334 | 242,128 | 13,022,628 |
| | ===== | ===== | ===== | ===== |
| Net book value | | | | |
| 30 September 1998 | 4,806,871 | 5,509,939 | 268,489 | 10,585,299 |
| | ===== | ===== | ===== | ===== |
| Cost or valuation at 30 September 1999 is represented by: | | | | |
| Valuation | 5,825,166 | 6,955,334 | - | 12,780,500 |
| Cost | - | - | 914,716 | 914,716 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 5,825,166 | 6,955,334 | 914,716 | 13,695,216 |
| | ===== | ===== | ===== | ===== |

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued for the year ended 30 September 1999

Valuations

Land and buildings are included at a 1999 valuation of £12,780,500. During the year all land and buildings were revalued by FPD Savills. The basis of the valuation used was open market value. The surplus arising has been transferred to the revaluation reserve.

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 | |
|--------------------------------|--|------------------|--------------------------|------------------|
| | 1999 | 1998 | 1999 | 1998 |
| | £ | £ | £ | £ |
| Historical cost | 2,920,158 | 2,919,246 | 2,585,613 | 2,585,613 |
| Depreciation based on cost | (241,708) | (221,144) | (379,177) | (336,437) |
| Historical cost net book value | <u>2,678,450</u> | <u>2,698,102</u> | <u>2,206,436</u> | <u>2,249,176</u> |
| | ===== | ===== | ===== | ===== |

9 Fixed asset investments

| | 1999 | 1998 |
|-----------------------------|------------------|----------------|
| Interests in joint ventures | <u>1,079,623</u> | <u>350,001</u> |
| | ===== | ===== |

At 30 September 1999 the company had interests in the following joint ventures:

(1) University of Warwick Science Park Innovation Centre Limited

The University of Warwick Science Park Limited is the holder of 350,001 'B' Ordinary Shares of £1 each representing 100% of that class in the University of Warwick Science Park Innovation Centre Limited. Warwickshire County Council is also a shareholder of the company holding 87,500 'A' Ordinary Shares of £1 each and 952,500 '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. The University of Warwick Science Park Limited is also standing as guarantor for loans of £690,000 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.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued for the year ended 30 September 1999

A Shareholder's Agreement restricts the voting rights of members and directors such that the University of Warwick Science Park Innovation Centre Limited falls within the Companies Act 1985 definition of an associated undertaking, and under FRS9 is classed as a joint venture. The company made a profit after taxation of £121,597 for the year to 30 September 1999 (1998 £96,129) and had capital and reserves amounting to £2,660,029 at 30 September 1999 (1998 £1,947,826).

(2) University of Warwick Science Park Business Innovation Centre Limited

The University of Warwick Science Park Limited is the holder of 4,501 'B' Ordinary Shares of £1 each representing 100% of that class in the University of Warwick Science Park Business Innovation Centre Limited. Coventry City Council and the Coventry and Warwickshire Chamber of Commerce Training and Enterprise are also shareholders of the company. Coventry City Council holds 2,000 'A' Ordinary Shares of £1 each and 152,166 'A' Preference Shares of £1 each and the Chamber holds 3,500 'C' Ordinary Shares of £1 each. These holdings also represent 100% of the shares issued of those classes.

The objects of the company are to construct and operate a business incubator unit on the Binley Business Park. A Shareholder's Agreement restricts the voting rights of members and directors such that the University of Warwick Science Park Business Innovation Centre Limited falls within the Companies Act 1985 definition of an associated undertaking, and under FRS9 is classed as a joint venture. At 30 September 1999 the incubator unit was still in course of construction. The company made a loss of £63,354 for the period to 30 September 1999 and had capital and reserves of £98,813 at 30 September 1999.

| Cost and net book amount | Shares £ | Loans £ | Total £ |
|-----------------------------|----------------|----------------|------------------|
| At 1 October 1998 | 350,001 | - | 350,001 |
| Additions | 4,501 | 725,121 | 729,622 |
| At 30 September 1999 | 354,502 | 725,121 | 1,079,623 |
| | ===== | ===== | ===== |

10 Debtors

| | 1999 £ | 1998 £ |
|--|----------------|----------------|
| Trade debtors | 245,804 | 494,974 |
| Prepayments and accrued income | 145,763 | 271,843 |
| Amount owed by group undertaking - University of Warwick Science Park Business Innovation Centre Limited | 10,292 | 16,610 |
| | 401,859 | 783,427 |
| | ===== | ===== |

Included within prepayments and accrued income is an amount of £25,377 (1998 £22,074) due after more than one year.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 1999

11 Creditors: amounts falling due within one year

| | 1999 | 1998 |
|---|------------------|------------------|
| | £ | £ |
| Trade creditors | 432,237 | 510,824 |
| Bank loans (see note 12) | 56,154 | 50,254 |
| Corporation tax | 59,879 | 15,000 |
| Other creditors including: | | |
| Sinking fund (see note 13) | 124,025 | 109,670 |
| Interest payable on debenture loans | 14,339 | 14,339 |
| Amount owed to group undertaking - University of Warwick Science Park Innovation Centre Limited | 22,714 | 145,149 |
| Other creditors | 37,474 | 20,383 |
| Accruals and deferred income | 372,240 | 202,657 |
| | <u>1,119,062</u> | <u>1,068,276</u> |
| | ===== | ===== |

12 Creditors: amounts falling due after more than one year

| | 1999 | 1998 |
|-----------------|------------------|------------------|
| | £ | £ |
| Debenture loans | 2,308,980 | 2,233,980 |
| Bank loans | 829,050 | 537,118 |
| | <u>3,138,030</u> | <u>2,771,098</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 debenture loans by due date of repayment is set out below:

| | 1999 | 1998 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Repayable after five years: | | |
| 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 | 75,000 | - |
| | <u>2,308,980</u> | <u>2,233,980</u> |
| | ===== | ===== |

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 1999

The debentures are held by the University of Warwick, Coventry City Council and Warwickshire County Council.

Bank loans:

| | | |
|--|---------|---------|
| Repayable by instalments within one year | 56,154 | 50,254 |
| After one and within two years | 64,904 | 51,390 |
| After two and within five years | 273,462 | 160,986 |
| After five years | 490,684 | 324,742 |
| | <hr/> | <hr/> |
| | 885,204 | 587,372 |
| | ===== | ===== |

Interest on bank loans is charged at 1.5% over LIBOR on £131,358, fixed at 7.29% on £350,000, and capped at 7.5% until September 2004 on £403,846.

13 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 1998 | 109,670 |
| Payment into fund | 9,775 |
| Interest receivable | 4,580 |
| Withdrawals from fund | - |
| | <hr/> |
| At 30 September 1999 | 124,025 |
| | ===== |

14 Deferred taxation

Deferred taxation provided for and not provided for in the financial statements is set out below. The amounts unprovided represent contingent liabilities at the balance sheet date and are calculated using a tax rate of 30%.

| | Amount provided | | Amount unprovided | |
|--------------------------|-----------------|-----------|-------------------|-----------|
| | 1999 £ | 1998 £ | 1999 £ | 1998 £ |
| Unrealised capital gains | - | - | 1,977,000 | 1,351,000 |
| | ===== | ===== | ===== | ===== |

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 1999

15 Accruals and deferred income

| | £ |
|------------------------------------|----------------|
| Government and other grants | |
| At 1 October 1998 | 600,909 |
| Amortisation in year | (11,560) |
| | <hr/> |
| At 30 September 1999 | 589,349 |
| | ===== |

16 Called up share capital

| | 1999 | 1998 |
|------------------------------------|--------------|--------------|
| | £ | £ |
| 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 |
| | <hr/> | <hr/> |
| | 37,092 | 37,092 |
| | ===== | ===== |
| Allotted, 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 |
| | <hr/> | <hr/> |
| | 27,997 | 27,997 |
| | ===== | ===== |

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

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 1999

17 Share premium account and reserves

| | Share Premium Account £ | Revaluation Reserve (see note 8) £ | Profit and Loss Account £ |
|-----------------------------|----------------------------------|---|---------------------------------|
| At 1 October 1998 | 449,064 | 6,392,157 | 1,060,132 |
| Revaluation surplus | - | 2,606,940 | - |
| Profit for year | - | - | 104,192 |
| | <hr/> | <hr/> | <hr/> |
| At 30 September 1999 | 449,064 ===== | 8,999,097 ===== | 1,164,324 ===== |

18 Reconciliation of movements in shareholders' funds

| | 1999 £ | 1998 £ |
|---|----------------------------|---------------------------|
| Profit for the financial year | 104,192 | 124,029 |
| Other recognised gains and losses | 2,606,940 | - |
| | <hr/> | <hr/> |
| Increase in shareholders' funds | 2,711,132 | 124,029 |
| Shareholders' funds at 1 October 1998 | 7,929,350 | 7,805,321 |
| | <hr/> | <hr/> |
| Shareholders' funds at 30 September 1999 | 10,640,482 ===== | 7,929,350 ===== |

19 Contingent liabilities

At 30 September 1999 the company had a contingent liability as guarantor of a bank loan of £640,000 (1998 £690,000) taken by The University of Warwick Science Park Innovation Centre Limited, (Note 9), and a commitment to provide up to £150,000 in working capital to that company. No call had been made on this facility at 30 September 1999. There were no other contingent liabilities at 30 September 1999 and 30 September 1998 except in respect of deferred taxation (Note 14).

20 Capital commitments

The company had no capital commitments at 30 September 1999 or 30 September 1998.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 1999

21 Leasing 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:-

| | 1999 | 1998 |
|------------------------------------|--------|--------|
| | £ | £ |
| Date of lease termination: | | |
| Within one year | 7,168 | 10,527 |
| In second to fifth years inclusive | 9,538 | 5,658 |
| | <hr/> | <hr/> |
| | 16,706 | 16,185 |
| | ===== | ===== |

22 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 1999, any business relationship with any local authority, as defined under Section 69(3) of the Local Government and Housing Act 1989.

23 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 1998. 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 8.5% per annum compound, that long term salary increases (both promotional and inflationary) would average 7% per annum compound, and that pensions would increase at a minimum rate of 5% per annum compound.

The market value of the assets at 5 April 1998 was £45,351,148 and the actuarial valuation of the assets showed them to be sufficient to cover 106% of the benefits which had accrued to members after allowing for expected future increases in earnings. On the advice of the actuary, the University of Warwick will pay contributions from 1 January 1999 at 14% of earnings, compared with the 15.25% 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.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 1999

The last actuarial valuation for which figures were available at the end of the financial year was at 31 March 1996. 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 1996 was £12,087 million and the actuarial valuation of the assets showed them to be sufficient to cover 108% of the benefits which had accrued to members after allowing for expected future increases in earnings. The pension contribution charged in the accounts comprises a regular cost of 13.78% plus 4.77% to cover a past actuarial deficiency to 31 December 1996 and 14% thereafter. An actuarial valuation of the Scheme was carried out as at 31 March 1999 but, as yet, the results are not available.

The company's contributions to the schemes are shown in note 5 of these accounts.

24 Related party transactions

The University of Warwick Science Park Foundation is a related party of the company by virtue of common membership. A donation of £132,000 (1998:£26,000) was made to the Foundation and a £32,000 grant received (1998:£26,000) in respect of the student project scheme.

The University of Warwick Science Park Innovation Centre Limited and University of Warwick Science Park Business Innovation Centre Limited (see Note 9) have management agreements with the company whereby the University of Warwick Science Park Limited manages their properties. During the year management charges totalling £37,423 were received from the University of Warwick Science Park Innovation Centre Limited. There was no management charge from the University of Warwick Science Park Business Innovation Centre Limited since its building was still in course of construction at 30 September 1999.

Under the terms of certain leases with Coventry City Council and Coventry Venture Capital Limited (a subsidiary of the West Midlands Enterprise Ltd) rents of £574,276 and £94,287 respectively were collected and accounted for on their behalf. Coventry City Council and West Midlands Enterprise Ltd are related parties of the University of Warwick Science Park Limited by virtue of their shareholdings.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 1999

25 Net cash inflow from operating activities

| | 1999 | 1998 |
|---|---------|-----------|
| | £ | £ |
| Operating profit | 197,442 | 176,125 |
| Depreciation | 261,108 | 260,238 |
| Decrease (increase) in debtors | 381,930 | (242,088) |
| (Decrease) increase in creditors | (2,859) | 247,764 |
| | <hr/> | <hr/> |
| Net cash inflow from operating activities | 837,621 | 442,039 |
| | ===== | ===== |

26 Reconciliation of net cash flow to movement in net debt

| | 1999 | 1998 |
|---|-----------|-----------|
| | £ | £ |
| Increase/(decrease) in cash in the year | 331,907 | (139,561) |
| Cash inflow/(outflow) from financing | 372,832 | (112,130) |
| | <hr/> | <hr/> |
| Movement in net debt in the year | 704,739 | (251,691) |
| Net debt at 1 October 1998 | 3,472,258 | 3,723,949 |
| | <hr/> | <hr/> |
| Net debt at 30 September 1999 | 4,176,997 | 3,472,258 |
| | ===== | ===== |

27 Analysis of Changes in Net Debt

| | At 1 October 1998 | Cash Flow | At 30 September 1999 |
|--------------------------|-------------------|-----------|----------------------|
| Cash at bank and in hand | 650,906 | 331,907 | 982,813 |
| Debt | 2,821,352 | 372,832 | 3,194,184 |
| | <hr/> | <hr/> | <hr/> |
| Net debt | 3,472,258 | 704,739 | 4,176,997 |
| | ===== | ===== | ===== |

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Profit and loss account for the year ended 30 September 1999

| | £ | 1999 £ | £ | 1998 £ |
|--|----------|-------------|----------|-------------|
| Turnover | | 2,970,719 | | 2,935,390 |
| Direct expenses | | | | |
| Rent payable | | (916,074) | | (897,811) |
| Operating expenses | | | | |
| Administrative expenses | | (1,240,588) | | (1,178,639) |
| Establishment expenses | | (616,615) | | (682,815) |
| | | <hr/> | | <hr/> |
| Operating profit | | 197,442 | | 176,125 |
| Other income | | | | |
| Interest receivable | | 21,758 | | 29,661 |
| Dividend received | | 9,511 | | - |
| Grants received | | 11,560 | | 11,560 |
| | | <hr/> | | <hr/> |
| | | 240,271 | | 217,346 |
| Other expenses | | | | |
| Debenture loan interest | (22,340) | | (22,729) | |
| Interest on secured loan | (59,589) | | (59,980) | |
| | <hr/> | | <hr/> | |
| | | (81,929) | | (82,709) |
| Profit on ordinary activities before taxation | | <hr/> | | <hr/> |
| | | 158,342 | | 134,637 |
| | | ===== | | ===== |

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Operating expense details for the year ended 30 September 1999

| | 1999 £ | £ | 1998 £ | £ |
|---|-----------|-----------|-----------|-----------|
| Administrative expenses | | | | |
| Advertising and publicity | 81,230 | | 99,182 | |
| Bad debts | 5,713 | | (3,287) | |
| Bank charges and interest | 3,608 | | 4,257 | |
| Depreciation | 116,946 | | 116,084 | |
| Lease amortisation | 144,162 | | 144,154 | |
| Leasing and hire charges | 2,103 | | 2,370 | |
| Legal, professional and consultancy | 83,552 | | 80,073 | |
| Postage and telephone | 166,378 | | 156,324 | |
| Printing and stationery | 28,939 | | 31,133 | |
| Publications and translations | 1,724 | | 2,900 | |
| Staff training and welfare | 17,623 | | 38,272 | |
| Subscriptions | 5,669 | | 6,522 | |
| Sundry expenses | 109,259 | | 91,558 | |
| Travel, subsistence and entertaining | 14,544 | | 37,266 | |
| Wages and salaries | 439,742 | | 418,618 | |
| Staff pension | 50,732 | | 45,361 | |
| Wages-employer's NI | 35,719 | | 34,819 | |
| Subcontracted Russian project costs | - | | 9,339 | |
| Subcontracted project costs | 48,082 | | 56,994 | |
| Grants receivable | (247,137) | | (219,300) | |
| | | 1,108,588 | | 1,152,639 |
| Donation-charitable | | 132,000 | | 26,000 |
| | | <hr/> | | <hr/> |
| | | 1,240,588 | | 1,178,639 |
| | | ===== | | ===== |
| Establishment expenses | | | | |
| Cleaning | 70,309 | | 61,087 | |
| Landscaping | 65,204 | | 63,855 | |
| Light and heat | 44,605 | | 46,896 | |
| Other services | 30,039 | | 73,105 | |
| Insurance | 29,031 | | 50,681 | |
| Repairs, renewals and landlords costs | 254,244 | | 278,297 | |
| Security | 123,183 | | 108,894 | |
| | | <hr/> | | <hr/> |
| | | 616,615 | | 682,815 |
| | | ===== | | ===== |