

Company Number: 1659656

**UNIVERSITY OF WARWICK
SCIENCE PARK LIMITED**

Annual Report

Year Ended 30 September 2003



UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

**Annual report
for the year ended 30 September 2003**

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UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Directors and advisers

Non-executive directors

Professor V D VandeLinde
Professor S B Palmer
Mr K R Thomas
Mr H R P Thompson
Mr A Hope
Councillor J A Tandy
Councillor R P L Morris-Jones
Councillor A C Skipper
Councillor D H Batten
Dr I D Nussey
Mr P Burns

Secretary and registered office

P Greatrix
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

Shoosmiths Solicitors
Lock House
Castle Meadow Road
Nottingham

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 2003

The directors present their report and the audited financial statements for the year ended 30 September 2003.

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. Turnover for the year increased from £4,185,569 to £4,921,792. Rents received increased from £2,742,811 to £3,173,034. This increase was mainly in respect of a one-off early surrender payment. Occupation during the year has fallen due to business failures and downsizing. Although this downturn has had little effect on the year to 30 September 2003, it is likely that turnover for the following year will fall as it is proving difficult to attract new tenants in the current economic climate.

In May 2003 construction of Riley Court commenced, with completion due in January 2004. The building will provide 10 separate units of either 2,000 or 3,000 sq ft. The building will have low occupational running costs due to both the building design and connection to the University of Warwick's Combined Heat and Power plant. The project was conceived as part of the Science Park's contribution to the development of infrastructure within the Coventry, Solihull and Warwickshire Technology Corridor and as such is part-financed by the European Regional Development Fund.

Project activity continued during the year and overall progress was maintained on these projects benefiting the companies in the region. The Investment Readiness Project is a new initiative by the Science Park and Business Link to assist growth potential, technology-based companies reach a stage of development at which they are attractive to private equity as opportunities for investment that will accelerate the growth of the business. A key part therefore is ensuring that SME's are educated so that they have greater understanding about venture capital, and how specialist advice and support can help structure both the business plan and the business to secure external finance so making them investment ready. A further significant benefit of the projects funding has been the creation of a seed corn fund.

To meet FSA regulations, it has been necessary to set up a separate company to hold and administer the Investment Readiness seed corn fund. UWSP Concepts Limited was set up during the year as a company limited by guarantee. In July 2003, the Science Park's Board of Directors resolved that the University of Warwick Science Park Limited would become the sole member of UWSP Concepts Limited and that all of the main board members would be invited to become directors of the new company, together with Kevin Caley, a professional fund manager. As the new company is limited by guarantee, there is no investment involved

in this transaction; only a guarantee to pay £1 should future events require. This resolution was ratified on 1 September 2003 at a board meeting of UWSP Concepts Limited, when the two existing members resigned in favour of the University of Warwick Science Park Limited.

Due to the timing of these events, no bank accounts had been opened for UWSP Concepts Limited at 30 September 2003. The Science Park had already received £100,000 from Business Link to start up the seed corn fund and Business Link owed a further £250,000 at 30 September 2003. These monies have been included in the University of Warwick Science Park Limited annual accounts as amounts owing to UWSP Concepts Limited.

Results and Dividends

The profit for the year before taxation amounted to £452,740 (2002: £399,838) and the profit after taxation was £278,038 (2002: £250,594).

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 2003, all of whom served throughout the year are listed below:

Name	Representing
Professor V D VandeLinde	University of Warwick
Professor S B Palmer	University of Warwick
Mr H R P Thompson	University of Warwick
Mr K R Thomas	West Midlands Enterprise Ltd
Mr A Hope	West Midlands Enterprise Ltd
Councillor J A Tandy	Warwickshire County Council
Councillor R P L Morris-Jones	Warwickshire County Council
Councillor A C Skipper	Coventry City Council
Councillor D H Batten	Coventry City Council
Dr I D Nussey	Independent
Mr P Burns	Coventry & Warwickshire Chamber of Commerce

Directors' interests in the shares of the company

No director held interests in the shares of the company at 30 September 2003, or at any time during the year.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Report of the directors for the year ended 30 September 2003

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

No donations were made during the year (2002:£100).

Auditors

Grant Thornton having offered themselves for re-appointment as independent auditors shall be deemed to be re-appointed for the next financial year in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



P GREATRIX
Secretary
2nd April 2004

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

We have audited the financial statements of The University of Warwick Science Park Limited for the year ended 30 September 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom 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 to you 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.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 30 September 2003 and of its profit for the year ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
COVENTRY
2 April 2004**

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Profit and loss account for the year ended 30 September 2003

	Note	2003 £	2002 £
Turnover	2	4,921,792 =====	4,185,569 =====
Operating Profit	2	410,871	316,345
Income from fixed asset investments	3	37,296	43,988
Interest receivable and similar income		98,043	139,426
Other income		20,727	20,727
Interest payable and similar charges	6	(114,197) -----	(120,648) -----
Profit on ordinary activities before taxation		452,740	399,838
Tax on profit on ordinary activities	7	(174,702) -----	(149,244) -----
Profit for the financial year	17	278,038 =====	250,594 =====

All operations are continuing.

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 2003

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	8	16,497,070	15,565,723
Investments	9	1,079,623	1,079,623
Current assets			
Debtors	10	1,339,813	670,496
Loans	10	304,497	336,085
Cash at bank and in hand		<u>1,186,859</u>	<u>1,355,536</u>
		2,831,169	2,362,117
Creditors: amounts falling due within one year	11	<u>(2,324,630)</u>	<u>(1,421,675)</u>
Net current assets		<u>506,539</u>	<u>940,442</u>
Total assets less current liabilities		18,083,232	17,585,788
Creditors: amounts falling due after more than one year			
	12	(3,735,463)	(3,607,082)
Provisions for liabilities and charges	14	(345,000)	(333,000)
Accruals and deferred income	15	<u>(1,324,310)</u>	<u>(1,245,285)</u>
		<u>(5,404,773)</u>	<u>(5,185,367)</u>
		12,678,459	12,400,421
		=====	=====
Capital and reserves			
Called up share capital	16	27,997	27,997
Share premium	17	449,064	449,064
Revaluation reserve	17	9,605,283	9,713,565
Profit and loss account	17	2,596,115	2,209,795
Shareholders' funds	18	<u>12,678,459</u>	<u>12,400,421</u>
		=====	=====

The financial statements were approved by the Board of Directors on 2nd April 2004



V D VANDELINDE
Director

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 2003

	Note	2003	2002
		£	£
Net cash inflow from operating activities	25	1,010,017	555,753
Dividends received from joint venture		37,296	35,804
Returns on investments and servicing of finance:			
Interest received		124,963	87,127
Interest paid		(113,198)	(142,844)
Net cash inflow/(outflow) from returns on Investments and servicing of finance		11,765	(55,717)
Taxation:			
Corporation tax paid		(143,702)	(80,904)
Capital expenditure			
Purchase of tangible fixed assets		(1,312,186)	(326,801)
Less: Capital grant received (net of utilised)		99,752	149,783
Net cash outflow from capital expenditure		(1,212,434)	(177,018)
Acquisitions and disposals		-	-
Purchase of investments		-	-
Net cash outflow from acquisitions and disposals		-	-
Net cash (outflow)/inflow before financing		(297,058)	277,918
Financing:			
Repayment of borrowing		(129,619)	(91,334)
New borrowing		258,000	95,000
Net cash inflow from financing		128,381	3,666
(Decrease)/Increase in cash	26	(168,677)	281,584
		=====	=====

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

	2003	2002
	£	£
Profit for the financial year	278,038	250,594
Unrealised surplus on revaluation of land and buildings	-	1,640,306
	<hr/>	<hr/>
Total recognised gains for the year	278,038 =====	1,890,900 =====

Note of historical cost profits and losses

	2003	2002
	£	£
Profit on ordinary activities before taxation	452,740	399,838
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	108,282 <hr/>	119,700 <hr/>
Historical cost profit on ordinary activities before taxation	561,022 =====	519,538 =====
Historical cost profit retained	386,320 =====	370,294 =====

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 2003

1 Principal accounting policies

The principal accounting policies of the company have remained unchanged from the previous year.

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

Fixed assets other than leasehold land and buildings are stated at their purchase cost together with any directly attributable costs of acquisition.

The 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 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

Deferred taxation is recognised on all timing differences, where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date.

Investments

Investments are stated at cost less amounts written off.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2003

Income from investments

Investment income comprises dividends declared during the accounting period.

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 for the year ended 30 September 2003

2 Turnover and profit on ordinary activities

	2003 £	2002 £
Turnover	4,921,792	4,185,569
Rent payable	(1,442,882)	(1,290,660)
Administration expenses	(2,367,718)	(2,109,824)
Establishment expenses	(1,057,979)	(951,654)
Grants receivable	357,658	482,914
Operating Profit	<u>410,871</u> =====	<u>316,345</u> =====

Turnover consists entirely of sales made in the United Kingdom and includes revenue of £3,173,034 from operating leases (2002:£2,742,811).

Profit on ordinary activities is stated after charging:-

	2003 £	2002 £
Auditors' remuneration	13,000	12,000
Operating lease rentals for plant and machinery		12,459
Depreciation of tangible fixed assets	142,119	128,773
Lease amortisation	238,720	209,787
Donations	-	100
	<u>=====</u>	<u>=====</u>

3 Income from fixed asset investments

	2003 £	2002 £
From shares in group undertaking - University of Warwick Science Park Innovation Centre Limited	37,296 =====	43,988 =====

4 Directors' emoluments

The directors received no emoluments from the company during the year (2002:NIL)

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2003

5 Employee information

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

	2003	2002
Employees	32	28
	==	==
Employment costs:	2003	2002
	£	£
Wages and salaries	776,982	680,774
Social security costs	81,098	52,169
Other pension costs	63,120	75,028
	<hr/>	<hr/>
Total direct costs of employment	921,200	807,971
	=====	=====

6 Interest payable and similar charges

	2003	2002
	£	£
On bank loans and overdrafts	91,107	97,558
On other loans	23,090	23,090
	<hr/>	<hr/>
	114,197	120,648
	=====	=====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2003

7 Tax on Profit on Ordinary Activities

i. Analysis of charge in the year.

	2003 £	2002 £
Current tax		
UK Corporation tax on profit for the year at 30% (2002: 30%)	160,000	141,000
Adjustment in respect of previous years	<u>2,702</u>	<u>3,244</u>
Total current tax	162,702	144,244
Deferred tax		
Origination of timing differences	12,000	5,000
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>174,702</u>	<u>149,244</u>

ii. Factors affecting tax charge for the year.

	2003	2002
Profit on ordinary activities before tax	<u>452,740</u>	<u>399,838</u>
Profit on ordinary activities multiplied by the rate of corporation tax 30 %(2002 : 30%)	135,822	119,951
Effects of		
Expenses not deductible for tax purposes (primarily depreciation on non-qualifying buildings)	70,948	61,672
Capital allowance in excess of depreciation	(13,935)	(10,000)
Franked investment income not subject to Corporation tax	(11,189)	(13,196)
Marginal relief on corporation tax charge	(24,646)	(22,427)
Other timing differences	3,000	5,000
Adjustment to tax charge in respect of previous years	<u>2,702</u>	<u>3,244</u>
Current tax charge	<u>162,702</u>	<u>144,244</u>

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2003

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 2002	6,258,168	9,200,029	1,147,295	16,605,492
Additions	-	1,179,582	132,604	1,312,186
	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2003	6,258,168	10,379,611	1,279,899	17,917,678
	=====	=====	=====	=====
Depreciation				
1 October 2002	-	-	1,039,769	1,039,769
Charge for year	48,512	190,208	142,119	380,839
	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2003	48,512	190,208	1,181,888	1,420,608
	=====	=====	=====	=====
Net book value				
30 September 2003	6,209,656	10,189,403	98,011	16,497,070
	=====	=====	=====	=====
Net book value				
30 September 2002	6,258,168	9,200,029	107,526	15,565,723
	=====	=====	=====	=====
Cost or valuation at 30 September 2003 is represented by:				
Valuation	6,258,168	9,186,332	-	15,444,500
Cost	-	1,193,279	1,279,899	2,473,178
	<hr/>	<hr/>	<hr/>	<hr/>
	6,258,168	10,379,611	1,279,899	17,917,678
	=====	=====	=====	=====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2003

Valuations

An interim professional valuation of the land and buildings was made by FPD Savills at 30 September 2002. This valuation, after depreciation for the current year is £15,205,781. Work in progress is valued at cost. The basis of the valuation used was open market value. There have been no changes in market conditions to suggest a need for a revised valuation.

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	
	2003	2002	2003	2002
	£	£	£	£
Historical cost	2,936,820	2,936,820	5,364,643	4,185,062
Depreciation based on cost	(324,345)	(303,654)	(668,217)	(558,470)
Historical cost net book value	<u>2,612,475</u>	<u>2,633,166</u>	<u>4,696,426</u>	<u>3,626,592</u>

9 Fixed asset investments

	2003	2002
Interests in joint ventures	<u>1,079,623</u>	<u>1,079,623</u>

At 30 September 2003 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 £433,000 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 for the year ended 30 September 2003

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 £182,758 for the year to 30 September 2003 (2002: £165,270) and had capital and reserves amounting to £2,477,294 at 30 September 2003 (2002: £2,761,568).

(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 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. The company made a loss after taxation of £50,181 for the year to 30 September 2003 (2002: profit £31,177) and had capital and reserves of £485,107 at 30 September 2003 (2002: £658,501).

Cost and net book amount	Shares £	Loans £	Total £
At 1 October 2002 and 30 September 2003	354,502 =====	725,121 =====	1,079,623 =====

10 Debtors and loans

	2003 £	2002 £
Debtors		
Trade debtors	739,291	465,928
Prepayments and accrued income	266,682	196,384
Other debtors	333,840	8,184
	<u>1,339,813</u> =====	<u>670,496</u> =====

Included within prepayments and accrued income is an amount of £28,247 (2002: £54,420) due after more than 1 year.

Other debtors included £250,000 in relation to monies owed by Business Link in respect of the Investment Readiness seed corn fund which is to be paid over to UWSP Concepts Limited.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2003

Loans: due within one year	42,000	-
Loans: due after one year:-		
Enterprise Fellowship Scheme	147,750	208,000
Blythe Valley Innovation Centre Ltd	<u>114,747</u>	<u>128,085</u>
	304,497	336,085
	=====	=====

11 Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	883,405	572,209
Bank loans (see note 12)	127,740	127,740
Corporation tax	160,000	141,000
Social security and other taxes	-	96,549
Sinking fund (see note 13)	186,667	175,607
Amount owed to group undertaking - University of Warwick Science Park Innovation Centre Limited	90,710	10,202
University of Warwick Science Park Business Innovation Centre Limited	30,917	42,521
UWSP Concepts Limited	350,000	-
Other creditors	66,097	14,642
Accruals and deferred income	429,094	241,205
	<u>2,324,630</u>	<u>1,421,675</u>
	=====	=====

University of Warwick Science Park Limited is the sole member of UWSP Concepts Limited, a company limited by guarantee. The £350,000 represents monies paid and due from Business Link. This balance will be transferred to UWSP Concepts Limited once the necessary banking arrangements are in place.

12 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Debenture loans	2,308,980	2,308,980
Bank loans	1,426,483	1,298,102
	<u>3,735,463</u>	<u>3,607,082</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.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2003

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

	2003 £	2002 £
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	75,000
	<hr/>	<hr/>
	2,308,980	2,308,980
	=====	=====

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

Bank loans:

Repayable by instalments within one year	127,740	127,740
After one and within two years	190,126	164,326
After two and within five years	558,839	492,978
After five years	677,518	640,798
	<hr/>	<hr/>
	1,554,223	1,425,842
	=====	=====

Interest on bank loans is charged at 1.5% over LIBOR on £94,207, 1.25% over base rate on £258,000, fixed at 7.93% on £271,250, capped at 7.5% until September 2004 on £219,231, and capped at 6.92% until September 2006 on £713,414.

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 2002	175,607
Payment into fund	8,125
Interest receivable	2,935
	<hr/>
At 30 September 2003	186,667
	=====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2003

14 Provision for Liabilities and Charges Deferred Tax

	2003	2002
Accelerated capital allowances	401,000	386,000
Other timing differences	(56,000)	(53,000)
	345,000	333,000
	=====	=====
Provision at 1 October 2002	333,000	
Deferred tax charge in the profit and loss account (note 7)	12,000	
Provision at 30 September 2003	345,000	
	=====	
Deferred taxation not provided for in the financial statements		
Unrealised capital gains	2,096,000	2,096,000
	=====	=====

15 Accruals and deferred income

£

Government and other grants

At 1 October 2002	1,245,285
Received in year	135,039
Amortisation in year against depreciation on buildings	(20,727)
Utilised	(35,287)
At 30 September 2003	1,324,310
	=====

16 Called up share capital

	2003 £	2002 £
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
	37,092	37,092
	=====	=====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2003

Allotted, called up and fully paid Share capital

The University of Warwick

9,523 voting shares of £1 each	9523		
385 non-voting shares of £1 each	<u>385</u>	9,908	9,908

Coventry City Council

12,146 voting shares of £1 each	12,146		
480 non-voting shares of £1 each	<u>480</u>	12,626	12,626

Warwickshire County Council

2,335 voting shares of £1 each	2,335		
40 non-voting shares of £1 each	<u>40</u>	2,375	2,375

West Midlands Enterprise Ltd

3,088 voting shares of £1 each	<u>3,088</u>	3,088	3,088
--------------------------------	--------------	-------	-------

<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.

17 Share premium account and reserves

	Share Premium Account £	Revaluation Reserve (see note 8) £	Profit and Loss Account £
At 1 October 2002	449,064	9,713,565	2,209,795
Profit for year	-	-	278,038
Surplus on revaluation	-	-	-
Transfer to Profit and Loss Account	-	(108,282)	108,282
At 30 September 2003	<u>449,064</u> =====	<u>9,605,283</u> =====	<u>2,596,115</u> =====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2003

18 Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Profit for the financial year	278,038	250,594
Surplus on revaluation	-	1,640,306
Shareholders' funds at 1 October 2002	12,400,421	10,509,521
	<hr/>	<hr/>
Shareholders' funds at 30 September 2003	12,678,459	12,400,421
	=====	=====

19 Contingent liabilities

At 30 September 2003 the company had a contingent liability as guarantor of a bank loan of £364,000 (2002: £433,000) 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 2003.

20 Capital commitments

The company had capital commitments of £2,715,798 at 30 September 2003 (2002: NIL).

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:-

	2003	2002
	£	£
Date of lease termination:		
Within one year	10,519	4,664
In second to fifth years inclusive	36,818	2,872
	<hr/>	<hr/>
	47,337	7,536
	=====	=====

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 2003, 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

**Notes to the financial statements
for the year ended 30 September 2003**

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 2001. 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 6.25% per annum compound, that long term salary increases (both promotional and inflationary) would average 4.25% per annum compound, and that pensions would increase at a minimum rate of 2.25% per annum compound.

The market value of the assets at 5 April 2001 was £52,100,000 and the actuarial valuation of the assets showed them to be sufficient to cover 109% 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 has been paying 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.

The last actuarial valuation for which figures were available at the end of the financial year was at 31 March 2002. 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 6.0% per annum, that long term salary increases would be 3.7% per annum and that pensions would increase by 2.7% per annum. The market value of the assets at 31 March 2002 was £19,938 million and the actuarial valuation of the assets showed them to be sufficient to cover 101% of the benefits which had accrued to members after allowing for expected future increases in earnings. The pension contribution charged in the accounts was 14% of pensionable salaries.

The company's contributions are accounted for on a defined contribution basis as allowed by FRS 17 in circumstances where multi employer schemes exist, and the company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis.

24 Related party transactions

The University of Warwick Science Park Foundation is a related party of the company by virtue of common membership. No donation was made to the Foundation.

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 £43,102 (2002: £42,515) were received from the University of Warwick Science Park Innovation Centre Limited and £41,384 (2002: £40,820) from the University of Warwick Science Park Business Innovation Centre Limited.

Under the terms of certain leases with Coventry City Council, Coventry Venture Capital Limited (a subsidiary of the West Midlands Enterprise Ltd) and Warwickshire County Council rents of £798,071 (2002: £655,840), £93,930 (2002: £93,930) and £32,171 (2002: £28,730) respectively were collected and accounted for on their behalf. Coventry

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2003

City Council, West Midlands Enterprise Limited and Warwickshire County Council are related parties of the University of Warwick Science Park Limited by virtue of their shareholdings.

25 Net cash inflow from operating activities

	2003	2002
	£	£
Operating profit	410,871	316,345
Depreciation	380,839	343,138
(Increase) decrease in debtors and loans	(664,649)	4,127
Increase (decrease) in creditors	882,956	(107,857)
	<hr/>	<hr/>
Net cash inflow from operating activities	1,010,017	555,753
	=====	=====

26 Reconciliation of net cash flow to movement in net debt

	2003	2002
	£	£
Decrease / (Increase) in cash in the year	(168,677)	281,584
Cash inflow from financing	(128,381)	(3,666)
	<hr/>	<hr/>
Movement in net debt in the year	(297,058)	277,918
Net debt at 1 October 2002	(2,379,286)	(2,657,204)
	<hr/>	<hr/>
Net debt at 30 September 2003	(2,676,344)	(2,379,286)
	=====	=====

27 Analysis of Changes in Net Debt

	At 1 Oct 2002	Cash Flow	At 30 Sept 2003
Cash at bank and in hand	1,355,536	(168,677)	1,186,859
Debt	(3,734,822)	(128,381)	(3,863,203)
	<hr/>	<hr/>	<hr/>
Net debt	(2,379,286)	(297,058)	(2,676,344)
	=====	=====	=====