

Company Number: 1659656

**UNIVERSITY OF WARWICK**

**SCIENCE PARK LIMITED**

Annual Report

Year Ended 30 September 1997



# **UNIVERSITY OF WARWICK SCIENCE PARK LIMITED**

Annual report  
for the year ended 30 September 1997

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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  
Mr A Hope  
Councillor D A Forwood  
Councillor R Morris-Jones  
Councillor A Skipper  
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 1997

The directors present their report and the audited financial statements for the year ended 30 September 1997.

### 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

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 £2,664,934 to £2,775,864, with rents received increasing by £85,431 due to the continuing high levels of occupancy throughout the year to 30 September 1997. Turnover from the Russian Federation decreased again from £234,035 to £187,082. Service charges and other services provided increased from £556,286 to £628,739 in part due to those charges made in respect of the new building at the Warwick Technology Park which the company is managing on behalf of the University of Warwick Science Park Innovation Centre Limited.

Good progress was maintained on all of the various projects undertaken by the Science Park to benefit companies in the region.

### Results and Dividends

The profit for the year after taxation was £104,865 (1996:£66,416) after making a contribution of £133,000 (1996:£100,000) 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 1997, 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 Hearsh	University of Warwick
Mr K Thomas	West Midlands Enterprise Board

Mr A Hope

West Midlands Enterprise Board  
(Appointed 26 November 1996)

Councillor D A Forwood

Warwickshire County Council

Councillor R P L Morris-Jones

Warwickshire County Council

Councillor A Skipper

Coventry City Council

(Appointed 20 May 1997)

Mr P W G Robinson

Coventry City Council

Dr I D Nussey

Independant

Mr J D Fletcher was appointed as a director 24 January 1997 and resigned on 20 May 1997. As reported previously, Councillor B R Clack died on 14 November 1996.

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

No directors held interests in the shares of the company at 30 September 1997, 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**

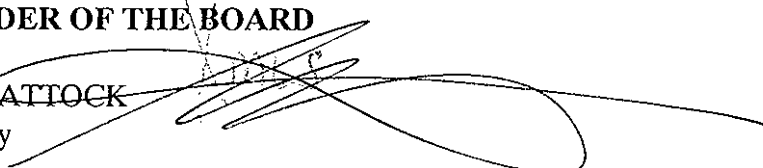
Donations made during the year to charitable organisations amounted to £133,000 (1996: £100,000) and comprised a donation made to The University of Warwick Science Park Foundation.

### **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 21 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 1997 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

25 February 1998

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

**Profit and loss account  
for the year ended 30 September 1997**

	Note	1997 £	1996 £
<b>Turnover</b>	2	<b>2,775,864</b> =====	2,664,934 =====
<b>Operating Profit</b>	2	<b>174,799</b>	138,968
Interest receivable and similar income		<b>39,791</b>	37,637
Other income		<b>11,560</b>	13,462
Interest payable and similar charges	5	<b>(74,394)</b> ———	(77,439) ———
Profit on ordinary activities before taxation		<b>151,756</b>	112,628
Tax on profit on ordinary activities	6	<b>(46,891)</b>	(46,212)
<b>Profit for the financial year</b>		<b>104,865</b> =====	66,416 =====
<b>Statement of retained profits</b>			
Retained profits at 1 October 1996		<b>756,679</b>	690,263
Profit for the financial year		<b>104,865</b>	66,416
<b>Retained profits at 30 September 1997</b>		<b>861,544</b> =====	756,679 =====

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 1997

	Note	1997	1996
		£	£
<b>Fixed assets</b>			
Tangible assets	7	10,576,695	10,494,166
Investments	8	250,001	250,001
<b>Current assets</b>			
Debtors	9	543,506	575,530
Cash at bank and in hand		<u>790,467</u>	<u>970,798</u>
		1,333,973	1,546,328
<b>Creditors: amounts falling due within one year</b>	10	<u>(891,051)</u>	<u>(993,562)</u>
<b>Net current assets</b>		442,922	552,766
<b>Total assets less current liabilities</b>		<u>11,269,618</u>	<u>11,296,933</u>
<b>Creditors: amounts falling due after more than one year</b>	11	(2,851,828)	(2,972,448)
<b>Accruals and deferred income</b>	14	<u>(612,469)</u>	<u>(624,029)</u>
		<u>(3,464,297)</u>	<u>(3,596,477)</u>
		7,805,321	7,700,456
		=====	=====
<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	6,392,157
Other reserves	16	74,559	74,559
Profit and loss account		861,544	756,679
<b>Shareholders' funds</b>	17	<u>7,805,321</u>	<u>7,700,456</u>
		=====	=====

The financial statements were approved by the Board of Directors on 25 February 1998.

Director



Director



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 1997

	1997	1996
	£	£
Profit for the financial year	104,865	66,416
Unrealised surplus on revaluation of land and buildings	-	44,786
	<hr/>	<hr/>
<b>Total recognised gains and losses for the year</b>	<b>104,865</b> =====	<b>111,202</b> =====

## Note of historical cost profits and losses

	1997	1996
	£	£
<b>Profit on ordinary activities before taxation</b>	<b>151,756</b>	112,628
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	79,738	79,750
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	<b>231,494</b> =====	192,378 =====
Historical cost profit retained	<b>184,603</b> =====	146,166 =====

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 1997****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 1997****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 1997

## 2 Turnover and profit on ordinary activities

	1997 £	1996 £
Turnover	2,775,864	2,664,934
Rent payable	(861,153)	(846,863)
Administration expenses	(1,317,729)	(1,202,510)
Establishment expenses	(561,066)	(542,222)
Grants receivable	138,883	65,629
Operating Profit	<u>174,799</u> =====	<u>138,968</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 £1,960,043 (1996 £1,874,612), and £187,082 (1996:£234,035) from a contract for training and technology transfer services for the Russian Federation.

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

	1997 £	1996 £
Auditors' remuneration	7,100	6,825
Operating lease rentals for plant and machinery	3,252	3,506
Depreciation of tangible fixed assets	83,424	42,650
Lease amortisation	141,499	141,398
Grants receivable	(138,883)	(65,629)
Donations	133,000	100,000
	=====	=====

## 3 Directors' emoluments

The directors received no emoluments from the company during the year (1996: £NIL)

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued  
for the year ended 30 September 1997

## 4 Employee information

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

	1997	1996
Administration	18	18
	=	=
Employment costs:	1997	1996
	£	£
Wages and salaries	360,522	331,283
Social security costs	29,717	28,580
Other pension costs	42,880	40,849
	<hr/>	<hr/>
Total direct costs of employment	433,119	400,712
	=====	=====

## 5 Interest payable and similar charges

	1997	1996
	£	£
On bank loans and overdrafts	51,276	53,520
On other loans	23,118	23,919
	<hr/>	<hr/>
	74,394	77,439
	=====	=====

## 6 Taxation

	1997	1996
The tax charge represents:	£	£
Corporation tax at 22% (1996 24%)	53,000	58,000
Adjustment in respect of prior years	(6,109)	(11,788)
	<hr/>	<hr/>
	46,891	46,212
	=====	=====

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued  
for the year ended 30 September 1997

## 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 1996	4,926,667	5,822,133	380,430	11,132,230
Additions	15,895	21,214	270,343	307,452
	<hr/>	<hr/>	<hr/>	<hr/>
<b>30 September 1997</b>	<b>4,945,562</b>	<b>5,843,347</b>	<b>650,773</b>	<b>11,439,682</b>
	=====	=====	=====	=====
<b>Depreciation</b>				
1 October 1996	72,014	209,916	356,134	638,064
Charge for year	36,107	105,392	83,424	224,923
	<hr/>	<hr/>	<hr/>	<hr/>
<b>30 September 1997</b>	<b>108,121</b>	<b>315,308</b>	<b>439,558</b>	<b>862,987</b>
	=====	=====	=====	=====
<b>Net book value</b>				
<b>30 September 1997</b>	<b>4,837,441</b>	<b>5,528,039</b>	<b>211,215</b>	<b>10,576,695</b>
	=====	=====	=====	=====
<b>Net book value</b>				
<b>30 September 1996</b>	<b>4,857,653</b>	<b>5,612,217</b>	<b>24,296</b>	<b>10,494,166</b>
	=====	=====	=====	=====
<b>Cost or valuation at 30 September 1997 is represented by:</b>				
<b>Valuation</b>	<b>4,909,250</b>	<b>5,822,133</b>	<b>-</b>	<b>10,732,250</b>
<b>Cost</b>	<b>36,312</b>	<b>21,214</b>	<b>650,773</b>	<b>707,432</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>4,945,562</b>	<b>5,843,347</b>	<b>650,773</b>	<b>11,439,682</b>
	=====	=====	=====	=====

# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

## Notes to the financial statements for the year ended 30 September 1997

### 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	
	1997	1996	1997	1996
	£	£	£	£
Historical cost	2,913,648	2,897,753	2,474,512	2,474,512
Depreciation based on cost	(200,586)	(180,067)	(293,697)	(252,455)
Historical cost net book value	2,713,062	2,717,686	2,180,815	2,222,057
	=====	=====	=====	=====

### 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 University of 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 the building was completed during April 1997. The first financial period of the company ran 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. 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. The company made a loss after taxation of £88,304 for the period to 30 September 1997 and had capital and reserves amounting to £911,697 at 30 September 1997.

### Cost

At 1 October 1996 and at 30 September 1997

**£250,001**  
=====

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements  
for the year ended 30 September 1997

## 9 Debtors

	1997 £	1996 £
Trade debtors	232,964	228,375
Prepayments and accrued income	296,310	270,657
Other debtors	14,232	76,498
	<hr/>	<hr/>
	543,506	575,530
	=====	=====

Included within prepayments and accrued income is an amount of £19,915 (1996 £29,504) due after more than one year.

## 10 Creditors: amounts falling due within one year

	1997 £	1996 £
Trade Creditors	401,143	596,637
Bank loans (see note 11)	81,654	88,654
Corporation tax payable	53,000	60,940
Other creditors including:		
Sinking fund (see note 12)	94,834	81,557
Interest payable on debenture loans	14,339	14,339
Other	31,628	23,647
Accruals	214,453	127,788
	<hr/>	<hr/>
	891,051	993,562
	=====	=====



# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

## Notes to the financial statements for the year ended 30 September 1997

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

	1997	1996
	£	£
Debenture loans	2,272,946	2,311,912
Bank loans	578,882	660,536
	<u>2,851,828</u>	<u>2,972,448</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:

	1997	1996
	£	£
<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	38,966	77,932
	<u>2,272,946</u>	<u>2,311,912</u>
	=====	=====

The debentures are held by the University of Warwick, Coventry City Council and Warwickshire County Council. Other debenture loans become payable at different times, depending upon when the site is developed.

### Bank loans:

Repayable by instalments within one year	81,654	88,654
After one and within two years	56,154	81,654
After two and within five years	168,462	168,462
After five years	354,266	410,420
	<u>660,536</u>	<u>749,190</u>
	=====	=====

Interest on bank loans is charged at 1.5% over LIBOR. The largest loan, of which £496,154 is outstanding at 30 September 1997, 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 1997

### 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 1996	81,557
Payment into fund	9,500
Interest receivable	3,777
Withdrawals from fund	-
	<hr/>
At 30 September 1997	94,834
	=====

### 13 Deferred taxation

Analysis of provision and potential liability:-

	Amount provided		Full potential liability	
	1997	1996	1997	1996
	£	£	£	£
Revalued properties	-	-	1,082,000	1,286,000
	=====	=====	=====	=====

### 14 Accruals and deferred income

#### Government and other grants

	£
At 1 October 1996	624,029
Amortisation in year	(11,560)
	<hr/>
At 30 September 1997	612,469
	=====

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements  
for the year ended 30 September 1997

## 15 Called up share capital

	1997 £	1996 £
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>
	=====	=====
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
	<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 1996	449,064	6,392,157	74,559
Revaluation surplus	-	-	-
	<u>449,064</u>	<u>6,392,157</u>	<u>74,559</u>
	=====	=====	=====
At 30 September 1997	449,064	6,392,157	74,559

**UNIVERSITY OF WARWICK SCIENCE PARK LIMITED**
**Notes to the financial statements  
for the year ended 30 September 1997**
**17 Reconciliation of movements in shareholders' funds**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	<b>104,865</b>	66,416
Increase in revaluation reserve	-	44,786
	<hr/>	<hr/>
Net increase in shareholders' funds	<b>104,865</b>	111,202
Shareholders' funds at 1 October 1996	<b>7,700,456</b>	7,589,254
	<hr/>	<hr/>
<b>Shareholders' funds at 30 September 1997</b>	<b>7,805,321</b> =====	7,700,456 =====

# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

## Notes to the financial statements for the year ended 30 September 1997

### 18 Contingent liabilities and financial commitments

At 30 September 1997 and 30 September 1996 the company had a contingent liability in respect of a bank loan of £500,000 taken by The University of 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. No call had been made on this facility at 30 September 1997. There were no other contingent liabilities at 30 September 1997 and 30 September 1996 except in respect of deferred taxation (Note 13).

The company had capital commitments contracted for at 30 September 1997 of £123,380 (1996:nil).

#### 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:-

	1997 £	1996 £
Date of lease termination:		
Within one year	-	2,045
In second to fifth years inclusive	2,370	-
	<hr/>	<hr/>
	2,370	2,045
	====	====

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

### Notes to the financial statements for the year ended 30 September 1997

#### 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 1997, 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 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.

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

**UNIVERSITY OF WARWICK SCIENCE PARK LIMITED****21 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 £133,000 (1996:£100,000) was made to the Foundation and a £33,000 grant received (1996:£NIL) in respect of the student project scheme.

The University of Warwick Science Park Innovation Centre Limited (see Note 8) has a management agreement with the company whereby the University of Warwick Science Park Limited manages its property. During the year management charges totalling £16,154 were received.

Under the term of certain leases with Coventry City Council and Coventry Venture Capital Limited (a subsidiary of the West Midlands Enterprise Board Limited) rents of £553,138 and £89,977 respectively were collected and accounted for on their behalf. Coventry City Council and West Midlands Enterprise Board Limited are related parties of the University of Warwick Science Park Limited by virtue of their shareholdings.

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Profit and loss account  
for the year ended 30 September 1997

	£	1997 £	£	1996 £
<b>Turnover</b>		2,775,864		2,664,934
<b>Direct expenses</b>				
Rent payable		(861,153)		(846,863)
<b>Operating expenses</b>				
Administrative expenses		(1,178,846)		(1,136,881)
Establishment expenses		(561,066)		(542,222)
		<hr/>		<hr/>
<b>Operating profit</b>		174,799		138,968
<b>Other income</b>				
Interest receivable		39,791		37,637
Grants received		11,560		13,462
		<hr/>		<hr/>
		226,150		190,067
<b>Other expenses</b>				
Debenture loan interest	(23,118)		(23,919)	
Interest on secured loan	(51,276)		(53,520)	
	<hr/>	(74,394)	<hr/>	(77,439)
		<hr/>		<hr/>
<b>Profit on ordinary activities before taxation</b>		151,756		112,628
		=====		=====



## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Operating expense details  
for the year ended 30 September 1997

	1997		1996	
	£	£	£	£
<b>Administrative expenses</b>				
Advertising and publicity	57,752		55,342	
Bad debts	15,668		1,260	
Bank charges and interest	2,115		4,917	
Depreciation	83,424		42,650	
Donation-charitable	133,000		100,000	
Lease amortisation	141,499		141,398	
Leasing and hire charges	3,252		3,506	
Legal and professional	52,980		73,785	
Postage and telephone	81,006		79,754	
Printing and stationery	33,767		30,035	
Publications and translations	10,606		6,859	
Staff training and welfare	30,543		17,751	
Subscriptions	5,990		6,703	
Sundry expenses	87,186		71,852	
Travel, subsistence and entertaining	53,755		36,203	
Wages and salaries	360,522		331,283	
Staff pension	42,880		40,849	
Wages-employer's NI	29,717		28,580	
Subcontracted Russian project costs	92,067		129,783	
Grants receivable	(138,883)		(65,629)	
		1,178,846		1,136,881
		=====		=====
<b>Establishment expenses</b>				
Cleaning	54,650		45,976	
Landscaping	55,867		65,564	
Light and heat	39,200		37,835	
Other services	45,761		38,023	
Insurance	40,322		40,692	
Repairs, renewals and landlords costs	225,498		236,148	
Security	99,768		77,984	
		561,066		542,222
		=====		=====

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Cash flow statement  
for the year ended 30 September 1997

	Note	1997	1996
		£	£
Net cash inflow from operating activities	1	346,396	530,373
Returns on investments and servicing of finance:			
Interest received		37,624	37,637
Interest paid		(74,447)	(79,236)
		<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance		(36,823)	(41,599)
Taxation:			
UK corporation tax-paid		(68,113)	(34,450)
UK corporation tax-refunded		13,282	-
		<hr/>	<hr/>
		(54,831)	(34,450)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(307,453)	(14,188)
Purchase of investments		-	(250,001)
		<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment		(307,453)	(264,189)
		<hr/>	<hr/>
Net cash inflow/(outflow) before financing		(52,711)	190,135
Financing:			
Repayment of borrowing		(127,620)	(77,772)
New borrowing		-	150,000
		<hr/>	<hr/>
Net cash inflow/(outflow) from financing	2	(127,620)	72,228
		<hr/>	<hr/>
Increase/(decrease) in cash	3	(180,331)	262,363
		=====	=====

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the cash flow statement  
for the year ended 30 September 1997

## 1 Net cash inflow from operating activities

	1997 £	1996 £
Operating profit	174,799	138,968
Depreciation	224,923	184,048
Decrease in debtors	34,191	83,842
Increase/(decrease)in creditors	(87,517)	123,515
	<hr/>	<hr/>
Net cash inflow from operating activities	346,396 =====	530,373 =====

## 2 Analysis of Net Debt

	<u>At 1 October 1996</u>	<u>Cash Flow</u>	<u>At 30 September 1997</u>
Cash at bank and in hand	970,798	(180,331)	790,467
Debt	(3,061,102)	127,620	(2,933,482)
	<hr/>	<hr/>	<hr/>
Net debt	(2,090,304) =====	(52,711) =====	(2,143,015) =====