

Company Number: 1659656



UNIVERSITY OF WARWICK
SCIENCE PARK LIMITED

Annual Report

Year Ended 30 September 2005

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

**Annual report
for the year ended 30 September 2005**

	Pages
Directors and advisers	1
Directors report	2-4
Report of the independent auditors	5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Statement of total recognised gains and losses	9
Note of historical cost profits and losses	9
Notes to the financial statements	10-25

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 M Jones
Councillor R P L Morris-Jones
Councillor D Arrowsmith
Councillor A Matchett
Dr I D Nussey
Mr P Burns

Secretary and registered office

J F Baldwin
University House
University of Warwick
Kirby Corner Road
Coventry
CV4 8UW

Auditors

Deloitte & Touche LLP
Four Brindley Place
Birmingham
B1 2HZ

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 2005

The directors present their report and the audited financial statements for the year ended 30 September 2005.

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 a slight improvement on the previous year. Turnover for the year increased from £5,356,021 to £5,824,575. This increase was mainly due to improved occupation levels throughout the Science Park. Rents received increased by £575,088 to £3,012,931 and the resultant increases in Management Charges and Service Charge income contribute to the increased turnover.

Whilst there has been some short term improvements in occupation levels during the year, the downturn in the property market continues and the coming year will be challenging for the Science Park, particularly in respect of attracting tenants to Riley Court, the Science Park's newest building, which to date has only achieved 48% occupancy.

Project activity benefiting the companies in the region was maintained at last years levels, however engagement with clients increased as the MicroClusters and Investment Readiness programmes became established. A further two Mustard TeamStart programmes were run, with an extension of the programme to specifically address female early stage companies planned for next year. Micro Clusters, an initiative to build on the previous Clustering work by UWSP, has generated three initial MicroClusters with the themes of geographic skill co-location.

Results and Dividends

The profit for the year before taxation amounted to £236,720 (2004: £216,284) and the profit after taxation was £16,355 (2004: £81,013).

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 (continued) for the year ended 30 September 2005

Directors

The directors of the company at 30 September 2005 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 M Jones	Warwickshire County Council
Councillor R P L Morris-Jones	Warwickshire County Council
Councillor D Arrowsmith	Coventry City Council
Councillor A Matchett	Coventry City Council
Dr I D Nussey	Independent
Mr P Burns	Coventry & Warwickshire Chamber of Commerce

On 22 July 2005 Councillor J Tandy resigned and was replaced by Councillor M Jones.

Directors' interests in the shares of the company

No director held interests in the shares of the company at 30 September 2005, or at any time during the year.

Directors' responsibilities for the financial statements

United Kingdom 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 (continued)
for the year ended 30 September 2005**

Charitable donations

No donations were made during the year (2004:£nil).

Auditors

Deloitte & Touche LLP, 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

A handwritten signature in black ink, appearing to read 'J F Baldwin', written in a cursive style.

J F Baldwin
Secretary
09 June 2006

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

We have audited the financial statements of University of Warwick Science Park Limited for the year ended 30 September 2005 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses, the note of historical cost profits and losses and the related 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit 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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte Touche LLP
Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Birmingham

6 July 2006

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Profit and loss account for the year ended 30 September 2005

	Note	2005 £	2004 £
Turnover	2	<u>5,824,575</u> =====	<u>5,356,521</u> =====
Operating Profit	2	356,311	306,038
Income from fixed asset investments	3	4,409	27,934
Interest receivable and similar income		79,176	70,519
Interest payable and similar charges	6	<u>(203,176)</u>	<u>(188,207)</u>
Profit on ordinary activities before taxation		236,720	216,284
Tax on profit on ordinary activities	7	<u>(220,365)</u>	<u>(135,271)</u>
Profit for the financial year	17	<u>16,355</u> =====	<u>81,013</u> =====

All operations are continuing.

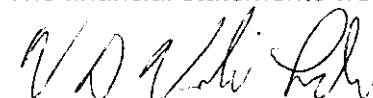
The accompanying accounting policies and notes form an integral part of these financial statements.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Balance sheet at 30 September 2005

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	8	18,423,128	18,720,471
Investments	9	1,079,622	1,079,622
Current assets			
Debtors			
- Due within one year	10	1,161,603	1,280,264
- Due after one year	10	88,889	148,787
Cash at bank and in hand		1,443,547	1,135,104
		<u>2,694,039</u>	<u>2,564,155</u>
Creditors: amounts falling due within one year	11	<u>(1,883,568)</u>	<u>(1,757,800)</u>
Net current assets		<u>810,471</u>	<u>806,355</u>
Total assets less current liabilities		<u>20,313,221</u>	<u>20,606,448</u>
Creditors: amounts falling due after more than one year	12	<u>(7,299,267)</u>	<u>(7,676,992)</u>
Provisions for liabilities and charges	15	<u>(530,512)</u>	<u>(462,369)</u>
		<u>(7,829,779)</u>	<u>(8,139,361)</u>
		<u>12,483,442</u>	<u>12,467,087</u>
		=====	=====
Capital and reserves			
Called up share capital	16	27,997	27,997
Share premium	17	449,064	449,064
Revaluation reserve	17	8,967,375	9,092,259
Profit and loss account	17	3,039,006	2,897,767
Shareholders' funds	18	<u>12,483,442</u>	<u>12,467,087</u>
		=====	=====

The financial statements were approved by the Board of Directors on 17 March 2006.



V D VANDELINDE
Chairman

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 2005

	Note	2005	2005
		£	£
Net cash inflow from operating activities 25		716,792	368,094
Dividends received from joint venture		4,409	27,934
Returns on investments and servicing of finance:			
Interest received	79,176	70,519	
Interest paid	(203,176)	(188,207)	
Net cash outflow from returns on Investments and servicing of finance		(124,000)	(117,688)
Taxation:			
Corporation tax paid		(51,040)	(160,902)
Capital expenditure			
Purchase of tangible fixed assets	(63,851)	(2,810,818)	
Less: Capital grant received (net of utilised)	-	1,189,376	
Net cash outflow from capital expenditure		(63,851)	(1,621,442)
Net cash inflow/(outflow) before financing		482,310	(1,504,004)
Financing:			
Repayment of borrowing	(173,867)	(152,342)	
New borrowing	-	1,604,591	
Net cash inflow from financing		(173,867)	1,452,249
Increase/(Decrease) in cash	26	308,443	(51,755)
		=====	=====

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

	2005	2004
	£	£
Profit for the financial year	131,664	81,013
Unrealised deficit on revaluation of land and buildings	-	(292,385)
	<hr/>	<hr/>
Total recognised gains / (losses) for the year	131,664 =====	(211,372) =====

Note of historical cost profits and losses

	2005	2004
	£	£
Profit on ordinary activities before taxation	236,720	216,284
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	124,884 <hr/>	74,451 <hr/>
Historical cost profit on ordinary activities before taxation	361,604 =====	290,735 =====
Historical cost profit retained	256,548 =====	155,464 =====

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 2005

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 in accordance with United Kingdom accounting policies and under the historical cost convention except that leasehold land and buildings are shown at their re-valued 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. Computer and other office equipment are depreciated over 3 years by the straight-line method.

Turnover

Turnover represents rents, services, service charges receivable and income from business support services. Revenue is recognised in line with the terms of lease agreement for rent, management charges and service charges. All other income is recognised as and when the service is performed.

Deferred tax

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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 2005

1 Principal accounting policies (continued)

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 2005

2 Turnover and profit on ordinary activities

	2005 £	2004 £
Turnover	5,824,575	5,356,521
Cost of Sales	(1,511,421)	(1,278,238)
Administration expenses	(3,956,843)	(3,772,245)
Operating Profit	<u>356,311</u> =====	<u>306,038</u> =====

Turnover consists entirely of sales made in the United Kingdom and includes revenue of £3,258,178 from operating leases (2004:£2,644,593).

Profit on ordinary activities before taxation

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

	2005 £	2004 £
Depreciation and amounts written off fixed assets:		
- Owned	361,195	295,032
Government Grants	(42,801)	(24,406)
Auditors' Remuneration:		
- Audit Services	17,500	17,000
- Non-Audit Services	10,600	(600)
	<u>=====</u>	<u>=====</u>

3 Income from fixed asset investments

	2005 £	2004 £
From shares in group undertaking - University of Warwick Science Park Innovation Centre Limited	<u>4,409</u> =====	<u>27,934</u> =====

4 Directors' emoluments

The directors did not receive any emoluments for their services to the company during the year (2004:NIL)

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2005

5 Employee information

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

	2005	2004
Employees	29 ==	30 ==
Employment costs:	2005	2004
	£	£
Wages and salaries	857,203	847,481
Social security costs	73,076	74,827
Other pension costs	102,410	95,724
	<hr/>	<hr/>
Total direct costs of employment	1,032,689 =====	1,018,032 =====

6 Interest payable and similar charges

	2005	2004
	£	£
On bank loans and overdrafts	180,086	165,117
On other loans	23,090	23,090
	<hr/>	<hr/>
	203,176 =====	188,207 =====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2005

7 Tax on Profit on Ordinary Activities

i. Analysis of charge in the year.

	2005 £	2004 £
Current tax		
UK Corporation tax on profit for the year at 30% (2004: 30%)	118,182	17,000
Adjustment in respect of previous years	<u>34,040</u>	<u>902</u>
Total current tax	152,222	17,902
Deferred tax		
Origination of timing differences	(666,405)	121,422
Adjustment in respect of previous years	<u>734,548</u>	<u>(4,053)</u>
Tax on profit on ordinary activities	<u>220,365</u> =====	<u>135,271</u> =====

ii. Factors affecting tax charge for the year.

	2005	2004
Profit on ordinary activities before tax	<u>236,720</u> =====	<u>216,284</u> =====
Profit on ordinary activities multiplied by the rate of corporation tax 30 %(2004 : 30%)	71,016	64,885
Effects of		
Expenses not deductible for tax purposes (primarily depreciation on non-qualifying buildings)	91,472	91,338
Capital allowances in excess of depreciation	(20,453)	(118,233)
Franked investment income not subject to Corporation tax	(1,323)	(8,380)
Marginal relief on corporation tax charge	(27,863)	(9,421)
Other timing differences	5,333	(3,189)
Adjustment to tax charge in respect of previous years	<u>34,040</u>	<u>902</u>
Current tax charge	<u>152,222</u> =====	<u>17,902</u> =====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2005

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 2004	6,045,193	12,504,807	1,058,840	19,608,840
Additions	-	18,475	45,376	63,851
	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2005	6,045,193 =====	12,523,282 =====	1,104,216 =====	19,672,691 =====
Depreciation				
1 October 2004	-	-	888,368	888,368
Charge for year	47,229	253,286	60,680	361,195
	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2005	47,229 =====	253,286 =====	949,048 =====	1,249,563 =====
Net book value				
30 September 2005	5,997,964 =====	12,269,996 =====	155,168 =====	18,423,128 =====
Net book value 30 September 2004	6,045,193 =====	12,504,807 =====	170,471 =====	18,720,471 =====
Cost or valuation at 30 September 2005 is represented by:				
Valuation	6,045,193	12,504,807	-	18,550,000
Cost	-	18,475	1,104,216	1,122,691
	<hr/>	<hr/>	<hr/>	<hr/>
	6,045,193 =====	12,523,282 =====	1,104,216 =====	19,672,691 =====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2005

8 Tangible fixed assets (continued)

Valuations

A full professional valuation of the land and buildings was made by FPD Savills at 30 September 2004. This valuation, after depreciation for the current year is £18,267,960. Work in progress is valued at cost. The basis of the valuation used was market value. There have been no changes in market conditions to suggest a need for a revised valuation.

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	
	2005	2004	2005	2004
	£	£	£	£
Historical cost	2,495,219	2,495,219	8,148,882	8,130,407
Depreciation based on cost	(365,727)	(345,036)	(977,789)	(822,849)
Historical cost net book value	<u>2,129,492</u>	<u>2,150,183</u>	<u>7,171,093</u>	<u>7,307,558</u>
	=====	=====	=====	=====

9 Fixed asset investments

	2005	2004
Interests in joint ventures	<u>1,079,622</u>	<u>1,079,622</u>
	=====	=====

At 30 September 2005 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 original construction.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2005

9 Fixed asset investments (continued)

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 £89,269 for the year to 30 September 2005 (2004: £154,570) and had capital and reserves amounting to £3,175,434 at 30 September 2005 (2004: £3,202,434).

(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 £316 for the year to 30 September 2005 (2004: loss £66,521) and had capital and reserves of £667,630 at 30 September 2005 (2004: £287,946).

Cost and net book amount	Shares £	Loans £	Total £
At 1 October 2004 and 30 September 2005	354,502 =====	725,120 =====	1,079,622 =====

10 Debtors

	2005 £	2004 £
Trade debtors	846,919	823,464
Prepayments and accrued income	274,423	364,137
Loans	129,150	241,450
	<hr/>	<hr/>
	1,250,492 =====	1,429,051 =====

Included within prepayments and accrued income is an amount of £11,739 (2004: £29,337) due after more than 1 year.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2005

10 Debtors (continued)

Analysis of loans due within one year and after one year is as follows:

	2005 £	2004 £
Loans: due within one year		
Enterprise Fellowship Scheme	42,000	42,000
Blythe Valley Innovation Centre	10,000	80,000
-		
Loans: due after one year		
Enterprise Fellowship Scheme	77,150	109,450
Blythe Valley Innovation Centre Ltd	-	10,000
	<u>129,150</u>	<u>241,450</u>
	=====	=====

11 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	549,666	563,495
Bank loans (see note 12)	174,326	127,740
Corporation tax	118,182	17,000
Social security and other taxes	66,034	12,255
Sinking fund (see note 13)	225,504	203,361
Amount owed to related undertakings -		
University of Warwick Science Park Innovation Centre Limited	129,054	87,562
University of Warwick Science Park Business Innovation Centre Limited	107,297	63,048
UWSP Concepts Limited	8,183	-
Other creditors	-	32,342
Accruals and deferred income	505,322	650,997
	<u>1,883,568</u>	<u>1,757,800</u>
	=====	=====

12 Creditors: amounts falling due after more than one year

	2005 £	2004 £
Debenture loans	2,308,980	2,308,980
Bank loans	2,658,279	2,878,732
Government and other grants (note 14)	2,332,008	2,489,280
	<u>7,299,267</u>	<u>7,676,992</u>
	=====	=====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2005

12 Creditors: amounts falling due after more than one year (continued)

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:

	2005 £	2004 £
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	164,326	127,740
Between one and two years	350,585	350,585
Between two and five years	947,910	994,062
After five years	<u>1,369,784</u>	<u>1,534,085</u>
	2,832,605	3,006,472
	=====	=====

Interest on bank loans is charged at 1.5% over LIBOR on £66,019, 1.25% over base rate on £1,862,591, fixed at 7.93% on £210,000, capped at 7.5% until September 2004 on £126,925, and capped at 6.92% until September 2006 on £567,070

13 Sinking fund

The sinking fund comprises monies received from tenants 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 2004	203,361
Payment into fund	17,775
Interest receivable	4,368
	<hr/>
At 30 September 2005	225,504
	=====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2005

14 Government and other grants

	£
At 1 October 2004	2,489,280
Amortisation in year against depreciation on buildings	(42,801)
Utilised	(20,631)
Transferred to accruals and deferred income	(63,840)
Transferred to trade creditors	(30,000)
At 30 September 2005	2,332,008
	=====

15 Provision for Liabilities and Charges Deferred Tax

	2005 £	2004 £
Accelerated capital allowances	596,236	522,761
Other timing differences	(65,724)	(60,392)
	530,512	462,369
	=====	=====
Provision at 1 October 2004	462,369	345,000
Deferred tax charge in the profit and loss account (note 7)	68,143	117,369
	-----	-----
Provision at 30 September 2005	530,512	462,369
	=====	=====
Deferred taxation not provided for in the financial Statements:		
Unrealised capital gains	2,550,930	2,039,368
	=====	=====

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

16 Called up share capital

	2005 £	2004 £
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 2005

16 Called up share capital (continued)

Allotted, called up and fully paid Share capital

		2005 £	2004 £
<u>The University of Warwick</u>			
9,523 voting shares of £1 each	9523		
385 non-voting shares of £1 each	<u>385</u>	9,908	9,908
<u>Coventry City Council</u>			
12,146 voting shares of £1 each	12,146		
480 non-voting shares of £1 each	<u>480</u>	12,626	12,626
<u>Warwickshire County Council</u>			
2,335 voting shares of £1 each	2,335		
40 non-voting shares of £1 each	<u>40</u>	2,375	2,375
<u>West Midlands Enterprise Ltd</u>			
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 2004	449,064	9,092,259	2,897,767
Profit for year	-	-	16,355
Transfer to Profit and Loss Account	-	(124,884)	124,884
At 30 September 2005	449,064	8,967,375	3,039,006
	=====	=====	=====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2005

18 Reconciliation of movements in shareholders' funds

	2005	2004
	£	£
Profit for the financial year	16,355	81,013
Deficit on revaluation	-	(292,385)
Shareholders' funds at 1 October 2004	12,467,087	12,678,459
Shareholders' funds at 30 September 2005	<u>12,483,442</u> =====	<u>12,467,087</u> =====

19 Contingent liabilities

At 30 September 2005 the company had a contingent liability as guarantor of a bank loan of £226,000 (2004: £295,000) 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 2005.

20 Capital commitments

The company had no capital commitments at 30 September 2005 (2004: £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:-

	2005	2004
	£	£
Within one year	15,354	10,519
In second to fifth years inclusive	24,311	26,299
	<u>39,665</u> =====	<u>36,818</u> =====

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 2005, any business relationship with any local authority, as defined under Section 69(3) of the Local Government and Housing Act 1989.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2005

23 Pension Schemes

University of Warwick Pension Scheme

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 5 April 2004. 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 6.5% 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 2.75% per annum compound.

The market value of the assets at 5 April 2004 was £59,239,000 and the actuarial valuation of the assets showed them to be sufficient to cover 98% of the benefits which had accrued to members after allowing for expected future increases in earnings. Company contributions were increased from 16% to 19% of pensionable salaries with effect from 1 February 2005.

FRS 17

The major assumptions used by the actuary (in nominal terms) for the latest updates were:

	2005	2004	2003
Rate of increase in salaries	4.20%	4.80%	4.70%
Rate of increase of pensions in payment	* 2.70%	* 2.80%	* 2.70%
* some pensions have guaranteed 3% increases			
Rate of increase in deferred pensions	2.70%	2.80%	2.70%
Discount rate	5.30%	5.70%	5.50%
Inflation assumption	2.70%	2.80%	2.70%

The assets and liabilities of the scheme and the expected return on assets are detailed below:-

		2005 £000	2004 £000	2003 £000
Value of Assets	Equities	58,711	43,968	40,028
	Bonds and cash	16,425	14,858	12,110
Total market value of assets		<u>75,136</u>	<u>58,826</u>	<u>52,138</u>
Value of liabilities		(86,396)	(70,502)	(67,180)
(Deficit) in scheme		<u>(11,260)</u>	<u>(11,676)</u>	<u>(15,042)</u>

23 Pension Schemes (continued)

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2005

Universities Superannuation Scheme

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. No FRS17 information is available.

The company's contributions to both schemes 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 £45,790 (2004: £44,372) were received from the University of Warwick Science Park Innovation Centre Limited and £43,965 (2004: £42,604) 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 £670,724 (2004: £570,960), £103,025 (2004: £102,807) and £62,569 (2004: £57,039) respectively were collected and accounted for on their behalf. Coventry 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.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2005

25 Net cash inflow from operating activities

	2005 £	2004 £
Operating profit	356,311	306,038
Depreciation	361,195	295,032
Release of grant	(157,272)	(24,406)
Decrease/ (Increase) in debtors and loans	178,559	215,259
Decrease in creditors	(22,001)	(423,829)
	<hr/>	<hr/>
Net cash inflow from operating activities	716,792 =====	368,094 =====

26 Reconciliation of net cash flow to movement in net debt

	2005 £	2004 £
Increase/(Decrease) in cash in the year	308,443	(51,755)
Cash outflow/(inflow) from financing	173,867	(1,452,249)
	<hr/>	<hr/>
Movement in net debt in the year	482,310	(1,504,004)
Net debt at 1 October 2004	(4,180,348)	(2,676,344)
	<hr/>	<hr/>
Net debt at 30 September 2005	(3,698,038) =====	(4,180,348) =====

27 Analysis of Changes in Net Debt

	At 1 Oct 2004	Cash Flow	At 30 Sept 2005
Cash at bank and in hand	1,135,104	308,443	1,443,547
Debt	(5,315,452)	173,867	(5,141,585)
	<hr/>	<hr/>	<hr/>
Net debt	(4,180,348) =====	482,310 =====	(3,698,038) =====