

Company registered number: 1659656



**UNIVERSITY OF WARWICK
SCIENCE PARK LIMITED**

**Annual report and financial statements
for the year ended 30 September 2008**

University of Warwick Science Park Limited

Annual report and financial statements for the year ended 30 September 2008

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	7
Independent auditors' report	8
Profit and loss account	10
Statement of total recognised gain and losses	11
Balance sheet	12
Cash flow statement	14
Statement of accounting policies	15
Notes to the financial statements	18

University of Warwick Science Park Limited

Officers and professional advisers for the year ended 30 September 2008

Officers and professional advisers

Directors

Mr P Burns	
Mr D Burton	(appointed 30.9.08)
Councillor G E Crookes	(appointed 15.5.08)
Mr P Daffern	(appointed 30.9.08)
Councillor K J Foster	(resigned 15.5.08)
Mr A Hope	(resigned 30.9.08)
Councillor M J Jones	
Councillor A M Matchet	(resigned 15.5.08)
Councillor R P L Morris-Jones	
Dr I D Nussey	
Professor S B Palmer	
Councillor G C Ridley	(appointed 15.5.08)
Mr N J Sanders	(appointed 1.2.08)
Mr K R Thomas	(deceased 12.8.08)
Mr H R P Thompson	(resigned 31.12.07)
Professor N J Thrift	

Secretary

Mr J F Baldwin

Registered Office

University House
University of Warwick
Coventry
CV4 8UW

Bankers

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

Solicitors

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

Flint Bishop Solicitors
The Atrium
20 Wollaton Street
Nottingham
NG1 5FW

Auditors

Deloitte LLP
Chartered Accountants
Four Brindleyplace
Birmingham
B1 2HZ

University of Warwick Science Park Limited

Directors' report

for the year ended 30 September 2008

The directors present their annual report on the affairs for the company, together with the financial statements and auditors' report for the year ended 30 September 2008.

Principal activities

The company was established by its shareholders to build upon the joint strength of a well-established scientific community and a skilled workforce to play an important role in the economic development of the West Midlands region. The business has evolved over time in delivering its mission. Initially it established appropriate high quality premises for knowledge-based businesses while assisting tenants to work more closely with the University of Warwick. This remains the core business. From the mid 1990's onwards, the company added start up and early stage business development activities designed to increase the flow of high quality prospective tenants and to strengthen the growth prospects of existing occupiers. Through grant awards this activity was extended to similar businesses elsewhere in Coventry and Warwickshire as well as the broader West Midlands according to the nature of the grant funding. From 1996 to 2001 the company financed, in collaboration with others, two further Business Innovation Centres in the Coventry and Warwickshire sub-region. It also took on the management of a further Innovation Centre in the region.

Grant aid from Advantage West Midlands (AWM) is providing part-funding for refurbishment of the Venture Centre. A part of an agreement with AWM is that the share of income attributable to AWM from their financial support in the assistance in the purchase of Barclay's share of the Venture Centre may be retained by the company provided it delivers new high growth potential start ups and business support to growth oriented SMEs in the Coventry, Solihull and Warwickshire Technology Corridor that result in the creation of new employment. This is wholly in accord with the objects of the company and enables it to deliver the skills it has developed over the last 10 years in helping companies to innovate, secure risk finance, improve their marketing and, as a consequence, grow.

Apart from the aforementioned contract relating to the Venture Centre, other contract-based activity supporting the start up and growth of innovation led businesses has reduced as the large three year Investment Readiness programme drew to a close midway through the year.

The company has put into effect the early stages of a programme to increase the number of overseas businesses attracted to the Science Park. To date these are mostly small businesses with limited growth prospects in the UK, but together with partners the project is being refined to improve the productivity and impact of this initiative.

Business Review

Overall occupation on the Science Park was 84% remaining similar to that at the end of last year but below the peak of 88%. Further lettings in Riley Court continue to improve the performance of the Science Park's flagship property. There was a slight decrease in business activity generating a lower turnover, down from £7.0m to £6.8m. Operating costs have reduced slightly and operating profit is £647k compared to £858k (restated) in 2007. The prior year operating profit has been restated due to reclassification of certain properties from fixed assets to investment properties and the accounting treatment on government grant received on investment properties following the reclassification.

University of Warwick Science Park Limited

Directors' report

for the year ended 30 September 2008

The company's most significant market lies with ICT and related technology businesses, both UK and overseas subsidiaries, who take up tenancies. After 2001 there was a serious downturn in the technology market until 2003. This led to business failures and mergers and impacted on the company's occupancy rate. During the 2006/07 financial year it was becoming apparent that a growing proportion of companies in this sector were improving their performance and starting to take on additional staff but relatively few have taken up the slack of excess space which the downturn left. Merger and acquisition activity continues to be strong in the sector. There is therefore an ongoing risk for the company in finding it difficult to re-let space that falls vacant, other than for incubator units where start up and early stage business activity has been particularly strong this year.

The considerable Schedule A taxable income generated by the company with limited opportunities for increasing capital allowances exposes it to high levels of taxation given that other forms of allowable expenditure have been contained.

The Board of Directors use the principal financial indicators of profit before tax, operating profit, net asset worth and cash flow to control the company. The main non-financial KPI's used by the Board of Directors are occupancy over the entire property portfolio of the company and the figures are reported above. Occupancy at individual property level, property enquiry rates and enquiry conversion rates are also considered by the Board of Directors but not reported here.

The University of Warwick Science Park recognises the significance of adapting its operations and properties to meet the growing imperative to reduce greenhouse gas emissions worldwide and that as a minimum its properties must conform to environmental building regulation standards and to otherwise ensure that its tenants conform to regulatory requirements with respect to waste and other environmental regulations. Riley Court, the most recent new development, incorporates a number of technologies to reduce energy consumption both for cooling in summer and heating in winter that go well beyond current building regulation standards. The refurbishments to the Venture Centre mentioned above include an improvement to the insulation standards of the external walls so that the property meets current building regulations that are a higher standard than those to which it was built. Solar shades to the south and west elevations are also being incorporated as additions to reduce the extent of summer cooling requirements and are beyond the call of regulation.

There are no branches of the company outside the United Kingdom.

There have been no significant events since the balance sheet date.

Income and future cash flows will continue to be derived from the company's principal activities. The directors believe that the company is well placed to manage its business risks despite the current uncertain economic outlook. After making enquiries the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

University of Warwick Science Park Limited

Directors' report

for the year ended 30 September 2008

Financial risk management objectives and policies

Cash flow risk

Appropriate trade terms are negotiated with suppliers and customers and management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms.

The company has £2,308,980 (2007: £2,308,980) of debt in the form of debentures at a fixed interest rate and £663,953 (2007: £858,434) of bank debt (Note 13 provides further details). Other than particularly severe upward swings in interest rates the company's exposure to interest rate changes is therefore slight.

Credit risk

The company's credit risk is primarily attributable to tenant payments and the company is moving progressively to monthly collection of rents to minimise bad debts. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments the company uses a mixture of long-term and short-term debt finance.

Price risk

The company is not exposed to any price risk other than that associated with the usual costs to business that are subject to general inflationary pressures and has built suitable assumptions into its budgets and financial forecasts.

Dividend

The directors do not recommend a final dividend (2007: £Nil).

Directors

The directors, who served throughout the year except as noted, were as follows:

Name	Representing
Mr P Burns	Coventry & Warwickshire Chamber of Commerce
Mr D Burton	West Midlands Enterprise Limited
Councillor G E Crookes	Coventry City Council
Mr P Daffern	West Midlands Enterprise Limited
Councillor K J Foster	Coventry City Council
Mr A Hope	West Midlands Enterprise Limited
Councillor M J Jones	Warwickshire County Council
Councillor A M Matchet	Coventry City Council
Councillor R P L Morris-Jones	Warwickshire County Council
Dr I D Nussey	Independent
Professor S B Palmer	University of Warwick
Councillor G C Ridley	Coventry City Council
Mr N J Sanders	University of Warwick
Mr K R Thomas	West Midlands Enterprise Limited
Mr H R P Thompson	University of Warwick
Professor N J Thrift	University of Warwick

University of Warwick Science Park Limited

Directors' report

for the year ended 30 September 2008

Mr H R P Thompson resigned on 31 December 2007. Mr N J Sanders was appointed 1.2.08. Councillor K J Foster and Councillor A M Matchet resigned on 15.5.08. Councillor G E Crookes and Councillor G C Ridley were appointed 15.5.08. Mr K R Thomas deceased on 12.8.08. Mr A Hope resigned on 30.9.08. Mr D Burton and Mr P Daffern were appointed on 30.9.08. No director held interests in the shares of the company at 30 September 2008, or at any time during the year.

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure suppliers are made aware of the terms of payment and abide by the terms of payment.

Fixed assets

In the opinion of the directors, the current open market value of the company's interests in land and buildings is fairly reflected in the financial statements.

Charitable and political contributions

During the year the company made donations totalling £26,100 (2007: £26,095), principally to charities supporting education in the field of enterprise.

Employees

Details of number of employees and related costs can be found in Note 5 to the financial statements. The company has an equal opportunities employment policy to which it rigorously adheres. In the event of staff becoming disabled the company has historically and will continue to ensure that their employment with the company continues and that appropriate training, facilities and technologies are made available to support them. Employee performance is reviewed annually as an input to employee development and training.

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year.

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Companies. This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Act 1985.


University of Warwick Science Park Limited

Directors' report

for the year ended 30 September 2008

The company's auditors changed their name to Deloitte LLP on 1 December 2008. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Board of Directors' Meeting.

Approved by the Board of Directors and signed on its behalf by:



J F Baldwin
Secretary

Date: 14th May 2009

Registered office: University House, University of Warwick, Coventry CV4 8UW

University of Warwick Science Park Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company. 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;
- state whether applicable UK Accounting Standards have been followed; and
- 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2008 which comprise the Profit and Loss Account, the statement of total recognised gains and losses, the Balance Sheet, the Cash Flow Statement, the statement of accounting policies and the related notes 1 to 31. 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

**Independent auditors' report to the Members of University of Warwick
Science Park Limited - continued**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP

Chartered Accountants and Registered Auditors
Birmingham, UK

12 June 2009

University of Warwick Science Park Limited

Profit and loss account for the year ended 30 September 2008

	Note	2008 £	2007 Restated (Note 31) £
Turnover: continuing operations	1	<u>6,820,773</u>	<u>7,048,826</u>
Operating profit	2	646,980	857,591
Income from fixed asset investments	3	40,231	26,467
Interest receivable and similar income		95,362	76,623
Interest payable and similar charges	6	<u>(215,414)</u>	<u>(279,608)</u>
Profit on ordinary activities before taxation for the financial year		567,159	681,073
Tax on profit on ordinary activities	7	<u>(156,391)</u>	<u>197,963</u>
Profit for the financial year	18	<u>410,768</u>	<u>879,036</u>

All activities derive from continuing operations.

University of Warwick Science Park Limited

Statement of total recognised gains and losses for the year ended 30 September 2008

	2008	2007
		Restated
		(Note 31)
	£	£
Profit for the financial year	410,768	879,036
Prior year adjustment (as explained in note 31)	10,020	<u> </u>
	<u> </u>	
Total gains and losses recognised since last annual report and financial statements	<u>420,788</u>	

University of Warwick Science Park Limited

Balance sheet at 30 September 2008

		2008	2007 Restated (Note 31)
	Note	£	£
Fixed assets			
Tangible fixed assets	8	3,591,044	4,132,012
Investment properties	9	15,052,961	18,533,461
Fixed asset investments	10	1,221,096	1,179,638
		<u>19,865,101</u>	<u>23,845,111</u>
Current assets			
Debtors			
- due within one year	11	1,314,661	1,714,280
- due after one year	11	-	2,000
Cash at bank and in hand		<u>1,473,870</u>	<u>877,014</u>
		2,788,531	2,593,294
Creditors:			
amounts falling due within one year	12	<u>(2,411,615)</u>	<u>(2,502,872)</u>
Net current assets/(liabilities)		<u>376,916</u>	<u>90,422</u>
Total assets less current liabilities		20,242,017	23,935,533
Creditors:			
amounts falling due after more than one year	13	(6,108,585)	(6,300,544)
Provisions for liabilities	16	<u>(175,998)</u>	<u>(178,984)</u>
		<u>(6,284,583)</u>	<u>(6,479,528)</u>
Net assets		<u>13,957,434</u>	<u>17,456,005</u>

University of Warwick Science Park Limited

Balance sheet

at 30 September 2008

Capital and reserves

Called-up share capital	17	27,997	27,997
Share premium account	18	449,064	449,064
Revaluation reserve	18	8,921,443	12,830,782
Profit and loss account	18	4,558,930	4,148,162
Shareholders' funds	19	<u>13,957,434</u>	<u>17,456,005</u>

These financial statements were approved by the board of directors and authorised for issue on 14 May 2009.

They were signed on its behalf by:

S.B. Palmer

Date: 14 May 2009

University of Warwick Science Park Limited

Cash flow statement for the year ended 30 September 2008

	Note	2008	2008	2007	2007
		£	£	£	£
Net cash inflow from operating activities	26		1,120,662		707,841
Dividends received from joint venture			40,231		26,467
Returns on investments and servicing of finance					
Interest received		95,362		76,623	
Interest paid		(215,414)		(279,608)	
Net cash outflow from returns on investments and servicing of finance			(120,052)		(202,985)
			1,040,841		531,323
Taxation					
Corporation tax paid			(170,746)		(136,163)
Capital expenditure					
Purchase of tangible fixed assets		(51,585)		(280,762)	
Investments made in the year		(49,995)		(100,016)	
Net cash outflow from capital expenditure			(101,580)		(380,778)
Net cash inflow before financing			768,515		14,382
Financing					
Repayment of borrowing being net cash outflow from financing	29		(171,659)		(494,266)
Increase /(Decrease) in cash	28		596,856		(479,884)

University of Warwick Science Park Limited
Statement of accounting policies
for the year ended 30 September 2008

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared under the historic cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards. Compliance with Statement of Standard Accounting Practice No. 19 Account for investment properties requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of this departure is given below.

Basis of preparation

In the current year, the company has reclassified some of the properties from fixed assets to investment properties. As a result the policy for government grants on investment properties has been adapted. The comparative figures in the primary statements and notes have been restated to reflect the changes. (see note 31).

Income and future cash flows will continue to be derived from the company's principal activities. The directors believe that the company is well placed to manage its business risks despite the current uncertain economic outlook. After making enquiries the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Investment properties

In accordance with Statement of Accounting Practice No 19 certain of the company's properties are held for long-term investment and as such are included in the balance sheet at their open market values. The surpluses or deficits on revaluation of such properties are transferred to the investment property revaluation reserve. Depreciation is not provided in respect of investment properties.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

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.

Depreciation is provided on all other tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Fixtures and fittings	5 years
Office and computer equipment	3 years

University of Warwick Science Park Limited
Statement of accounting policies
for the year ended 30 September 2008

Revaluation of properties

Individual leasehold properties (other than investment properties) are revalued every 5 years with an interim revaluation at the end of year 3 in the cycle with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated costs relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Investments

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Turnover

Turnover represents amounts receivable for rents, management charges, service charges receivable and income derived from business support services net of trade discounts, VAT and other sales-related taxes. Operating lease and service charge income from related parties has been included in turnover. 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.

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charges to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charges on a straight-line basis over the lease term, even if the payments are not made on such a basis.

University of Warwick Science Park Limited
Statement of accounting policies
for the year ended 30 September 2008

Government grants

Government grants in respect of tangible fixed assets are credited to the profit and loss account over the expected useful economic lives of the relevant assets to which they relate. Grants received but not yet released to the profit and loss account are included as deferred income in the balance sheet. Grants receivable in respect of investment properties are credited directly to the cost of the asset. This treatment is not in accordance with Schedule 4 to the Companies Act 1985 which requires fixed assets to be shown at cost and grants as deferred income. The treatment has been adopted in accordance with section 227(6) of the Companies Act 1985 in order to show a true and fair view as, in the opinion of the directors, it is not appropriate to treat grants on investment properties as deferred income. Investment properties are not depreciated and accordingly no basis exists on which to recognise the release of deferred income to the profit and loss account.

Income from fixed asset investments

Income from fixed asset investments comprises dividends declared relating to the accounting period and provision is made for dividends that arise from shares that are accounted for in accordance with their liability elements as appropriate under Financial Reporting Standard 25 – Financial Instruments: Disclosure and Presentation, the presentation requirements of which are applicable for periods beginning on or after 1 January 2006.

Pension schemes

The company's contributions to both schemes are accounted for on a defined contribution basis as allowed by FRS17 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.

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 2008

1. TURNOVER

	2008 £	2007 £
Turnover	6,820,773	7,048,826
Cost of sales	(5,364,406)	(5,441,092)
Administration expenses	(809,387)	(750,143)
Operating profit	<u>646,980</u>	<u>857,591</u>

Turnover consists of sources entirely derived in the United Kingdom and includes revenue of £3,815,971 (2007: £3,827,558) from rental operating leases.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2008 £	2007 Restated £
Depreciation of tangible fixed assets	163,701	94,026
Capital government grants	(24,371)	(24,371)
Operating lease rentals	27,003	22,654
Impairment in investment - Mercia Fund 2	(8,537)	-

The analysis of the auditor's remuneration is as follows:

	2008 £	2007 £
Fees payable to the company's auditors for the audit of the company's annual accounts	13,161	18,650
Fees payable to the company's auditors and their associates for taxation services to the company	<u>8,975</u>	<u>16,075</u>

3. INCOME FROM FIXED ASSET INVESTMENTS

	2008 £	2007 £
From shares in group undertaking - University of Warwick Science Park Innovation Centre Limited	<u>40,231</u>	<u>26,467</u>

The dividend has been approved after the balance sheet date and has been credited to the profit and loss account and provided for as a current asset.

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

4. DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments for their services to the company during the year (2007: £Nil).

5. EMPLOYEE INFORMATION

	2008	2007
	No.	No.
Employees	30	31
	<hr/>	<hr/>
	2008	2007
	£	£
Employment costs		
Wages and salaries	855,942	821,919
Social security costs	71,558	71,247
Other pension costs	104,350	101,607
	<hr/>	<hr/>
Total direct costs of employment	1,031,850	994,773
	<hr/>	<hr/>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Bank loans and overdrafts	55,385	67,062
Other loan interest	134,513	185,881
Debenture interest	22,340	22,340
Other interest	3,176	4,325
	<hr/>	<hr/>
	215,414	279,608
	<hr/>	<hr/>

The other loan interest relates to financing of fixed assets under a finance lease agreement where the interest element is based on the IRR of the investment and is charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. This is 11.95% pa (2007: 11.86% pa). The financing agreement commenced June 2006 and in the early years of the agreement, the interest charge will exceed the revenue generated from the fixed asset.

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge / (credit) in the year

	2008 £	2007 Restated £
Current tax		
UK Corporation tax on profit for the year at 29% (2007: 30%)	159,296	156,709
Adjustment in respect of previous years	81	(6,516)
Total current tax	159,377	150,193
Deferred tax		
Origination of timing differences	(29,190)	(348,219)
Adjustment in respect of previous years	26,204	12,847
Rate difference adjustment	-	(12,784)
Tax charge / (credit) on profit on ordinary activities	156,391	(197,963)

Factors affecting tax charge for the year

	2008 £	2007 Restated £
Profit on ordinary activities before tax	567,159	681,073
Profit on ordinary activities multiplied by the rate of corporation tax 29% (2007: 30%)	164,476	204,322
Effects of		
Expenses not deductible for tax purposes	14,796	(609)
Capital allowances in excess of depreciation	4,714	(15,475)
Franked investment income not subject to Corporation tax	(11,667)	(7,940)
Marginal relief on corporation tax charge	(18,823)	(23,589)
Other timing difference	5,800	-
Adjustment to tax charge in respect of previous years	81	(6,516)
Current tax charge	159,377	150,193

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

8. TANGIBLE FIXED ASSETS

	Long leasehold land and infra- structure £	Long leasehold buildings £	Fixtures, fittings, tools and equipment £	Total £
Cost or valuation				
At 1 October 2007 (Restated)	1,816,667	2,133,334	1,238,646	5,188,647
Additions	-	25,597	22,168	47,765
Deficit on revaluation	(155,334)	(336,264)	-	(491,598)
At 30 September 2008	<u>1,661,333</u>	<u>1,822,667</u>	<u>1,260,814</u>	<u>4,744,814</u>
Accumulated depreciation				
At 1 October 2007	-	-	1,056,635	1,056,635
Charge for the year	14,533	52,033	97,135	163,701
Deficit on revaluation	(14,533)	(52,033)	-	(66,566)
At 30 September 2008	<u>-</u>	<u>-</u>	<u>1,153,770</u>	<u>1,153,770</u>
Net book value				
At 30 September 2008	<u>1,661,333</u>	<u>1,822,667</u>	<u>107,044</u>	<u>3,591,044</u>
At 30 September 2007	<u>1,816,667</u>	<u>2,133,333</u>	<u>182,011</u>	<u>4,132,012</u>
Cost or valuation at 30 September 2008 is represented by:				
Valuation	1,661,333	1,822,667	-	3,484,000
Cost	-	-	107,044	107,044
	<u>1,661,333</u>	<u>1,822,667</u>	<u>107,044</u>	<u>3,591,044</u>
Valuations				

An interim professional valuation of the land and buildings was made by Savills Commercial Limited at 30 September 2008 following an interim professional valuation made by FPD Savills at 30 September 2007. This valuation is £3,484,000. Work in progress is valued at cost. The basis of the valuation used was market value.

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

9. INVESTMENT PROPERTIES

	Long leasehold land and infra- structure £	Long leasehold buildings £	Total £
Cost or Valuation			
At 1 October 2007	5,499,834	13,033,627	18,533,461
Additions	-	3,820	3,820
Surplus/(deficit) on revaluation	(672,168)	(2,812,152)	(3,484,320)
At 30 September 2008	<u>4,827,666</u>	<u>10,225,295</u>	<u>15,052,961</u>

Valuations

An interim professional valuation of the land and buildings was made by Savills Commercial Limited at 30 September 2008 following an interim professional valuation made by FPD Savills at 30 September 2007. This valuation is £16,285,000. Work in progress is valued at cost. The basis of the valuation used was market value.

The accumulated impact of the treatment of grants receivable in respect of investment properties is to reduce the deferred income and the investment property costs or valuation by £1,232,039 (2007: £1,232,039).

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

10. INVESTMENTS HELD AS FIXED ASSETS

	Cost 2008 £	Provision 2008 £	Capital 2008 £	Capital 2007 £
Shares held in associated companies	354,501	-	354,501	354,501
Debentures held in associated companies	725,122	-	725,122	725,122
Investment in Mercia Fund 2 Limited Partnership	150,010	8,537	141,473	100,015
	<u>1,229,633</u>	<u>8,537</u>	<u>1,221,096</u>	<u>1,179,638</u>

Cost	2008 £	2007 £
At 1 October	1,179,638	1,079,623
Additions	49,995	100,015
At 30 September	<u>1,229,633</u>	<u>1,179,638</u>

Provisions for impairment

At 1 October	-	-
Written off	8,537	-
At 30 September	<u>8,537</u>	<u>-</u>

Net book value

At 30 September	<u>1,221,096</u>	<u>1,179,638</u>
-----------------	------------------	------------------

At 30 September 2008 the company had interests in the following related undertakings:

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

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 952,000 '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 £Nil (2007: £57,000) to assist in the original construction.

A Shareholders' 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 £198,672 for the year to 30 September 2008 (2007: £323,754) and had capital and reserves amounting to £812,685 (2007: £1,474,936).

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 operate a business incubator unit on the Binley Business Park. A Shareholders' 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 profit after taxation of £78,839 for the year to 30 September 2008 (2007: £52,776) and had capital and reserves of £36,303 at 30 September 2008 (2007: £757,464).

Cash and net book amount	Shares £	Loans £	Total £
At 1 October 2007 and 30 September 2008	<u>354,501</u>	<u>725,122</u>	<u>1,079,623</u>

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

11. DEBTORS

	2008 £	2007 £
Trade debtors	978,085	1,515,024
Amounts owed by related undertakings:		
University of Warwick Foundation	-	24,553
UWSP Concepts Limited	11,343	6,723
Prepayments and accrued income	300,002	126,013
Dividend receivable	22,731	26,467
Loans	2,500	17,500
	<u>1,314,661</u>	<u>1,716,280</u>

Included within loans is an amount of £Nil (2007: £2,000) due after more than one year relating to the Enterprise Fellowship Scheme.

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

	2008 £	2007 £
Loans: due within one year		
Enterprise Fellowship Scheme	2,500	15,500
Loans: due after one year		
Enterprise Fellowship Scheme	-	2,000
	<u>2,500</u>	<u>17,500</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 Restated £
Trade creditors	167,645	283,403
Bank loans	151,160	155,231
Corporation tax	145,340	156,709
Other taxes and social security	77,737	140,449
Sinking fund (note 14)	301,330	269,005
Amounts owed to related undertakings		
University of Warwick Science Park Innovation Centre Limited	80,087	82,661
University of Warwick Science Park Business Innovation Centre Limited	40,547	69,857
Other creditors	176,957	254,470
Government and other grants	-	20,491
Accruals and deferred income	1,246,441	1,046,225
Capital government grants (note 15)	24,371	24,371
	<u>2,411,615</u>	<u>2,502,872</u>

Other creditors include amounts payable to related parties in respect of rents.

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £	2007 Restated £
Debenture loans	2,308,980	2,308,980
Bank loans	512,793	703,203
Other loan	1,127,670	1,104,848
Government and other grants (note 15)	2,159,142	2,183,513
	<u>6,108,585</u>	<u>6,300,544</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 bank's charges. The other loan relates to financing of fixed assets under a finance lease agreement.

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

	2008 £	2007 £
Repayment between two and five years:		
1% Debenture loans 2011/2012	1,811,250	1,811,250
Repayment after five years:		
1% Debenture loans 2015/2016	323,730	323,730
1% Debenture loan 2016/2017	99,000	99,000
Other debenture loans	75,000	75,000
	<u>2,308,980</u>	<u>2,308,980</u>

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

	2008 £	2007 £
Bank loans:		
Repayable within one year	151,160	155,231
Between one and two years	138,442	121,920
Between two and five years	333,080	292,692
After five years	41,271	288,591
	<u>663,953</u>	<u>858,434</u>

Interest on bank loans is charged at 1.5% over LIBOR on £20,882 (2007: £36,612), 1.25% over base rate on £538,071 (2007: £612,591), fixed at 7.115% on £105,000 (2007: £140,000), and 1.4375% over LIBOR on nil (2007: £69,231).

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

	2008 £	2007 £
Other loan		
Repayable after five years	1,127,670	1,104,848
	<u>1,127,670</u>	<u>1,104,848</u>

The other loan interest relates to financing of fixed assets under a finance lease agreement where the interest element is based in the IRR of the investment and is charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. This is 11.95% pa (2007: 11.86% pa). The financing agreement commenced June 2006. In the early years of the agreement, the interest charge will exceed the revenue generated from the fixed asset.

14. SINKING FUND

	2008 £	2007 £
At 1 October 2007	269,005	246,023
Payment into fund	19,050	19,050
Interest receivable	13,275	3,932
	<u>301,330</u>	<u>269,005</u>
Balance at 30 September 2008		

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 provision is held as a creditor falling due within one year since the requirement for such repairs could arise at any time.

15. CAPITAL GOVERNMENT GRANTS

	2008 £	2007 Restated £
At 1 October 2007	2,207,884	2,232,255
Amortisation in year against depreciation on buildings	(24,371)	(24,371)
	<u>2,183,513</u>	<u>2,207,884</u>
Balance at 30 September 2008		
Analysed as follows:		
Due within one year (included in note 12)	24,371	24,371
Due after more than one year (included in note 13)	2,159,142	2,183,513
	<u>2,183,513</u>	<u>2,207,884</u>

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

16. PROVISION FOR LIABILITIES

Deferred tax	2008 £	2007 £
Accelerated capital allowances	184,576	176,890
Other timing differences	(8,578)	2,094
	<u>175,998</u>	<u>178,984</u>
Provision at 1 October 2007	178,984	527,140
Deferred tax credit in the profit and loss account (note 7)	(2,986)	(348,156)
Provision at 30 September 2008	<u>175,998</u>	<u>178,984</u>
Deferred taxation not provided for in the financial statements		
Unrealised capital gains	<u>430,288</u>	<u>2,108,265</u>

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.

17. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised:		
Voting share capital 27,092 shares of £1 each	27,092	27,092
Non voting share capital 10,000 shares of £1 each	<u>10,000</u>	<u>10,000</u>
	<u>37,092</u>	<u>37,092</u>

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

	2008 £	2007 £
Allotted, called up and fully paid share capital		
The University of Warwick		
9,523 voting shares of £1 each	9,523	9,523
385 non-voting shares of £1 each	385	385
Coventry City Council		
12,146 voting shares of £1 each	12,146	12,146
480 non-voting shares of £1 each	480	480
Warwickshire County Council		
2,335 voting shares of £1 each	2,335	2,335
40 non-voting shares of £1 each	40	40
West Midlands Enterprise (Investments) Ltd		
3,088 voting shares of £1 each	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.

18. RESERVES

	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 October 2007 as previously stated	449,064	13,136,919	4,138,142
Prior year adjustments	-	(306,137)	10,020
At 1 October 2007 as restated	449,064	12,830,782	4,148,162
Profit for the year	-	-	410,768
Deficit on revaluation	-	(3,909,349)	-
At 30 September 2008	<u>449,064</u>	<u>8,921,433</u>	<u>4,558,930</u>

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit for the financial year	410,768	879,036
Revaluation in the year	(3,909,339)	4,469,287
(Reduction / increase in shareholders' funds	(3,498,571)	5,348,323
Shareholders' funds at 1 October as previously stated	17,752,122	12,681,089
Prior year adjustment (note 31)	(296,117)	(573,407)
Shareholders' funds at 1 October 2007	17,456,005	12,107,682
Shareholders' funds at 30 September 2008	13,957,434	17,456,005

20. CONTINGENT LIABILITIES

At 30 September 2008 the company had a contingent liability as guarantor of a bank loan of £Nil (2007: £38,000) taken by the University of Warwick Science Park Innovation Centre Limited (note 10), and a commitment to provide up to £226,000 in working capital to that company. No call had been made on this facility at 30 September 2008. The working capital was repaid in full during the 2004/5 financial year.

21. CAPITAL COMMITMENTS

A further investment in Mercia Fund 2 of £150,000 is payable in 2009.

The company had no other capital commitments at 30 September 2008 (2007: £Nil).

22. OPERATING LEASE COMMITMENTS

	2008 £	2007 £
Within one year	27,003	27,003
In second to fifth years inclusive	61,656	62,841
Operating rentals payable	88,659	89,844

The company has financial commitments in respect of non-cancellable operating leases of vending machines and office equipment.

23. 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 2008, 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 2008

24. PENSION SCHEMES

University of Warwick Pension Scheme

Certain employees are members of the University of Warwick Pension Scheme (UWPS) operated by the University of Warwick. This is a defined benefits pension scheme in the UK. Under FRS 17, the current service costs arising from employee service for the current period (less contributions paid into the scheme), expected interest costs on the scheme liabilities and the expected rate of return on scheme assets are charges and credited to the Income and Expenditure Account of the University of Warwick. Other changes in the forecast scheme liability recorded on the Balance Sheet of the University of Warwick, as a result of changes in assumptions, are recorded in the Statement of Total Recognised Gains and Losses of the University of Warwick. The contributions are determined by and independent qualified actuary on the basis of triennial valuations using the projected unit method. This valuation has been updated to 31 July 2008 by a qualified independent actuary, for calculating University of Warwick FRS 17 accounting entries. The main results and assumptions of the most recent valuation of the UWPS are as follows:

Latest actuarial valuation date for which valuation is available	5 April 2007
Valuation method	Projected Unit
Value of notional assets	£100.527m
Funding level from accrued benefits	101%
Investment return per annum – pre-retirement	6.50%
Investment return per annum – post-retirement (non-pensioners)	4.75%
Investment return per annum – post-retirement (pensioners)	5.00%
Salary scale increase per annum	4.25%
Pension increases per annum (subject to limited price indexation)	3.00%

The University of Warwick contributed 19% of members' pensionable salaries to the Scheme up until the end of May 2008, when, following the results of the 5 April 2007 actuarial valuation, it was agreed to increase the University of Warwick's contribution rate to 19.85% from June 2008. The University of Warwick currently expects contributions to continue at this rate throughout the year ending 31 July 2009 and the estimated contribution for the year is £4.2 million. The University of Warwick Science Park Limited contributed 14% of members' pensionable salaries to the Scheme up until the end of May 2008, when, following the results of the 5 April 2007 actuarial valuation, it was agreed to increase the University of Warwick's contribution rate to 19.85% from June 2008.

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

FRS 17

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

	2008	2007	2006	2005	2004
Rate of increase in salaries	4.75%	4.50%	4.20%	4.20%	4.80%
Rate of increase of pensions in payment	3.50%	3.00%	2.70%	2.70%	2.80%
			*	*	*
* some pensions have guaranteed 3% increases					
Discount rate	5.80%	5.60%	5.40%	5.30%	5.70%
Inflation assumption	3.50%	3.00%	2.70%	2.70%	2.80%
Return on equity investments	7.90%	8.00%	7.50%	7.30%	8.00%
Return on bond investments	4.90%	5.00%	4.50%	4.30%	5.00%

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

	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Value of assets					
- Equities	71,998	75,010	69,383	58,711	43,968
- Bonds and cash	23,999	25,875	20,435	16,425	14,858
Total market value of assets	95,997	100,885	89,818	75,136	58,826
Value of liabilities	(108,153)	(110,606)	(101,457)	(86,396)	(70,502)
Net pension deficit	<u>(12,156)</u>	<u>(9,721)</u>	<u>(11,639)</u>	<u>(11,260)</u>	<u>(11,676)</u>

Universities Superannuation Scheme

Other employees are members of the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State pension (S2P). The scheme provides defined retirement benefits based on final pensionable salary. The assets of the scheme are held in a separate trustee administered fund. The main results and assumptions of the most recent valuation of the USS are as follows:

Latest actuarial valuation date for which valuation is available	31 March 2005
Valuation method	Projected Unit
Value of notional assets	£21,740m
Funding level from accrued benefits	76.8%
Investment return per annum past service	4.5%
Investment return per annum future service	6.2%
Salary scale increase per annum	3.9%
Pension increases per annum	2.9%

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

The actuary also valued the scheme on a number of other bases as at the date of valuation. Using the Minimum Funding Requirement subscribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at the valuation date and, under the Pension Protection Fund regulations introduced by the Pensions Act 2004, it was 110% funded. On a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company. Using the FRS 17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

The contribution rate required for future service benefits alone at the date of valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the contribution rate at 14% of pensionable salaries.

Surpluses and deficits which arise at future valuations may impact on the future contribution commitment. An additional factor which could impact the funding level of the scheme is that with effect from 16 March 2006, USS positioned itself as a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension refunding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

A formal triennial actuarial valuation was carried out as at 31 March 2008. The contribution rate is being reviewed as part of this valuation, though the final results were not available at the time of accounts preparation.

FRS 17

The USS is a multi-employer scheme where the institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17: Retirement Benefits, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable in respect of the accounting period.

25. RELATED PARTY TRANSACTIONS

The University of Warwick Science Park Foundation is a related party of the company by virtue of common relationship. The company is the only member of the Foundation, a company limited by guarantee as well as a registered charity. A donation was made to the Foundation of £25,000 (2007: £25,000). The company received a grant from the Foundation of £30,000 (2007: £24,553). The company bears the governance and administration costs of the Foundation. The amount due from the Foundation as at 30 September 2008 was £Nil (2007: £24,553).

UWSP Concepts Limited is a related party of the company by virtue of common relationship. The company is the only member of UWSP Concepts, a company limited by guarantee. As at 30 September 2008, UWSP Concepts was a net debtor £11,304 (2007: net debtor of £6,723).

The University of Warwick Innovation Centre Limited and the University of Warwick Business Innovation Centre Limited are related parties by virtue of shareholdings in those companies (Note 10).

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

University of Warwick Science Park Innovation Centre Limited (see note 10) and University of Warwick Science Park Business Innovation Centre Limited (see Note 10) each have management agreements with the company whereby the University of Warwick Science Park Limited manages their properties. During the year management charges totalling £51,256 (2007: £49,167) were received from the University of Warwick Science Park Innovation Centre Limited and £52,781 (2007: £50,776) from the University of Warwick Science Park Business Innovation Centre Limited.

The company has guaranteed a loan of £Nil (2007: £38,000) on behalf of University of Warwick Innovation Centre Limited.

The amount owed to the University of Warwick Science Park Innovation Centre Limited by the company at 30 September 2008 amounted to £80,087 (2007: £82,661). The amount owed to the University of Warwick Science Park Business Innovation Centre Limited by the company at 30 September 2008 amounted to £40,547 (2007: £69,857).

By virtue of their shareholdings in the company, related parties are Coventry City Council, the University of Warwick, West Midlands Enterprise Limited and Warwickshire County Council. Advantage West Midlands is a funder of the company. The articles of association of the company prescribe how these organisations appoint members to the board.

Under the terms of certain leases rents are payable to Coventry City Council, Coventry Venture Capital Limited (a subsidiary of the West Midlands Enterprise Limited), University of Warwick Science Park Innovation Centre Limited, University of Warwick, University of Warwick Science Park Business Innovation Centre Limited and Warwickshire County Council. These amounted to:

	2008	2007
	£	£
Advantage West Midlands	164,538	100,609
Coventry City Council	612,608	680,134
Coventry Venture Capital	102,678	102,687
University of Warwick	58,400	58,400
University of Warwick Innovation Centre Limited	359,227	372,768
University of Warwick Business Innovation Centre Limited	317,626	306,532
Warwickshire County Council	67,187	64,529

These rents included a financing re-payment of £111,690 (2007: £90,922) to Coventry City Council.

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

Amounts payable to related parties are included within other creditors. The amounts due are:

	2008	2007
	£	£
Coventry City Council	124,467	211,743
Warwickshire County Council	18,719	11,730
Coventry Venture Capital	-	21,215
University of Warwick	29,200	-

26. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008	2007
	£	Restated
		£
Operating profit	646,980	857,591
Impairment of investment	8,537	-
Depreciation	163,701	94,025
Release of grant	(24,371)	(24,371)
Decrease / (Increase) in debtors	401,619	(225,738)
(Decrease) / Increase in creditors	(75,804)	6,334
Net cash inflow from operating activities	<u>1,120,662</u>	<u>707,841</u>

27. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008	2007
	£	£
Increase / (Decrease) in cash in the year	596,856	(479,884)
Cash outflow from financing	<u>171,659</u>	<u>494,266</u>
Movement in net debt in the year	768,515	14,382
Net debt at 1 October 2007	<u>(3,395,248)</u>	<u>(3,409,630)</u>
Net debt at 30 September 2008	<u>(2,626,733)</u>	<u>(3,395,248)</u>

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

28. ANALYSIS OF CHANGES IN NET DEBT

	At 1 October 2007	Cash flow	At 30 September 2008
Cash at bank and in hand	877,014	596,856	1,473,870
Debt due within one year	(155,231)	4,071	(151,160)
Debt due after more than one year	(4,117,031)	167,588	(3,949,443)
Net debt	<u>(3,395,248)</u>	<u>768,515</u>	<u>(2,626,733)</u>

29. FINANCING

	2008 £	2007 £
Bank loan repayments	(194,481)	(590,027)
Increase in other loan - finance lease	22,822	95,761
	<u>(171,659)</u>	<u>(494,266)</u>

30. CONTROLLING PARTY

The company is controlled by the board of directors who are appointed as prescribed in the articles of association of the company.

31. PRIOR YEAR COMPARATIVES

a) During the year, the directors of the company have reassessed the leasehold properties held by the company and concluded that it will be more appropriate to classify some of these properties as investment properties under SSAP 19 than as fixed assets under FRS 15. As a result, some properties have been reclassified from fixed assets to investment properties. The effects of the change in classification are summarised below :

	2008 £	2007 £
Profit and loss account		
Reversal of depreciation	346,012	306,137
Increase in profit for the financial year	<u>346,012</u>	<u>306,137</u>

University of Warwick Science Park Limited

Notes to the financial statements for the year ended 30 September 2008

Balance sheet	2008 £	2007 £
Reduction in fixed assets	(16,285,000)	(19,765,500)
Increase in investment properties	16,285,000	19,765,000
Decrease in revaluation reserves	346,012	306,137
Increase in profit and loss reserves	(346,012)	(306,137)
	<u> </u>	<u> </u>
Impact on net assets	-	-
	<u> </u>	<u> </u>

b) The policy for government grants was changed during the year following the reclassification of fixed assets as investment properties. Government grants received on investment properties are credited directly to the cost of the assets while government grants on fixed assets are credited to the Profit and Loss account over the expected useful economic lives of the relevant assets to which they relate.

The comparative figures in the primary statements and notes have been restated to reflect the new policy.

Profit and loss account	2008 £	2007 £
Reduction in turnover - reversal of grant income	(42,800)	(42,800)
Reduction in tax expenses	-	13,956
	<u> </u>	<u> </u>
Decrease in profit for the financial year	(42,800)	(28,844)
	<u> </u>	<u> </u>

Balance sheet	2008 £	2007 £
Reduction in investment properties	(1,232,039)	(1,232,039)
Reduction in creditors - government grant	879,166	921,966
Reduction in creditors - tax creditors	-	13,956
	<u> </u>	<u> </u>
Reduction in net assets	(352,873)	(296,117)
	<u> </u>	<u> </u>