

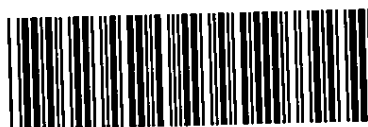
University of Warwick Science Park Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the period ended 31 July 2012

Registered number 1659656

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University of Warwick Science Park Limited

(Registered Number 1659656)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the period ended 31 July 2012

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University of Warwick Science Park Limited

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 2012

The directors present their report and the audited financial statements for the ten month period ended 31 July 2012. Comparative figures are for the year ended 30 September 2011.

Principal Activities, Business Review & Future Developments

The Company became a wholly owned subsidiary of the University of Warwick on 1 February 2012. The company's year-end has been changed to harmonise with the University.

The principal activities of the Company are:

- The management of high quality premises for knowledge-based businesses while assisting tenants to work more closely with the University of Warwick
- The provision of 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
- The provision of management services to Business Innovation Centres in Coventry and Warwick

Overall for the period ended 31 July 2012, the Company has generated a profit on ordinary activities before taxation of £849,031 (2011 - £788,135) which, after Deed of Covenant payments, resulted in a loss for the period of £312,664 (2011 – profit of £506,080).

Post Balance Sheet Date Events

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

Principal Risks & Uncertainties

The Company operates in a highly competitive market place where continuing growth is dependent on maintaining existing customer relationships and by winning new clients. The directors are confident that the Company can achieve these objectives and minimise the risk of falling short of its targets by providing sector leading service quality to its customers at competitive prices.

Going Concern

The activities of the company, together with the factors likely to affect its future development and performance are set out in the Directors' Report. The financial position of the Company, its cashflow and liquidity are described in the Financial Statements and accompanying Notes.

The company has sufficient financial resources and the directors believe that the company is well placed to manage its business activities successfully.

Accordingly the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

University of Warwick Science Park Limited

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 2012 (continued)

Directors and their interests

The directors of the Company during the period and up to the date of signing these accounts were as follows

N Thrift
N J Sanders
R A Drinkwater (appointed 1 February 2012)
T Jones (appointed 1 February 2012)
S B Palmer (resigned 1 February 2012)
I D Nussey (resigned 1 February 2012)
P Burns (resigned 1 February 2012)
P Daffern (resigned 1 February 2012)
RPL Morris-Jones (resigned 1 February 2012)
WME Group Ltd (resigned 1 February 2012)
LJ Bigham (resigned 1 February 2012)
A Skipper (resigned 1 February 2012)

None of the directors held any beneficial interest in the Company's share capital at 31 July 2012 or at any time during the period then ended

Deed of covenant

By deed of covenant dated 15 March 2012, the Company covenanted to pay the University of Warwick a sum equal to the taxable profit for corporation tax purposes, with effect from and including the year ended 30 September 2011

Dividend

The directors do not recommend the payment of a dividend (prior year £nil)

Fixed assets

The movements in fixed assets are shown in note 7 to the financial statements

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor are aware of that information

Auditor's reappointment paragraph

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

University of Warwick Science Park Limited

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 2012 (continued)

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements.

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board



K SLOAN
Secretary

University House
University of Warwick
Coventry
CV4 8UW

16th October 2012

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

We have audited the financial statements of University of Warwick Science Park Limited for the period ended 31st July 2012 set out on pages 5 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 the auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st July 2012 and of its loss for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit


Andy Argyle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date 23/11/12

University of Warwick Science Park Limited

PROFIT AND LOSS ACCOUNT for the period ended 31 July 2012

	<i>Notes</i>	10 months to 31 July 2012	Year to 30 September 2011 Restated
		£	£
Turnover	2	3,628,864	4,642,635
Cost of sales		(2,380,881)	(3,038,712)
Gross profit		1,247,983	1,603,923
Administrative expenses		(441,700)	(901,658)
Operating profit	3	806,283	702,265
Income from participating interests		13,811	20,250
Income from Fixed Asset Investments		-	14,339
Interest receivable		76,826	70,252
Interest payable		(47,889)	(18,971)
Profit on ordinary activities before taxation		849,031	788,135
Taxation	5	525,305	(282,055)
Profit on ordinary activities after taxation		1,374,336	506,080
Deed of Covenant payable	6	(1,687,000)	-
(Loss) / profit for the financial year	15	(312,664)	506,080

The results for the period include all recognised gains and losses.

There is no material difference between the results as disclosed and results on an unmodified historical cost basis

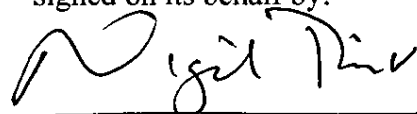
Notes to the financial statements are shown on pages 9 to 18.

University of Warwick Science Park Limited

BALANCE SHEET at 31 July 2012

	Notes	2012 £	2011 Restated £
Fixed assets			
Tangible fixed assets	7	12,753,177	12,579,805
Investments	8	350,001	1,299,634
Current assets			
Debtors	9	1,028,243	1,122,159
Cash at bank and in hand		1,070,372	2,680,691
		<u>2,098,615</u>	<u>3,802,850</u>
Creditors: Amounts falling due within one year	10	<u>(2,070,007)</u>	<u>(3,133,530)</u>
Net current assets		<u>28,608</u>	<u>669,320</u>
Total assets less current liabilities		<u>13,131,786</u>	<u>14,548,759</u>
Creditors: Amounts falling due after more than one year	11	<u>(2,989,256)</u>	<u>(3,928,855)</u>
Provisions for Liabilities	12	<u>-</u>	<u>(164,709)</u>
Net assets		<u><u>10,142,530</u></u>	<u><u>10,455,194</u></u>
Capital & reserves			
Called up share capital	14	27,997	27,997
Share premium account		449,064	449,064
Profit and loss account	15	9,665,469	9,978,133
Shareholder's funds	16	<u><u>10,142,530</u></u>	<u><u>10,455,194</u></u>

These financial statements were approved by the Board of Directors on 16th October 2012 and were signed on its behalf by:



N THRIFT
Director

Notes to the financial statements are shown on pages 9 to 18

University of Warwick Science Park Limited

CASH FLOW STATEMENT

For the period ended 31 July 2012

	<i>Notes</i>	10 months to 31 July 2012	Year to 30 September 2011 Restated
		£	£
Net cash inflow from operating activities	(i)	369,893	454,440
Returns on investments and servicing of finance	(ii)	(987,252)	71,531
Taxation		(100,986)	(466,236)
Financing	(iii)	(473,971)	(174,360)
Capital expenditure	(iv)	(418,003)	(198,170)
(Decrease)	(v)	(1,610,319)	(312,795)

Reconciliation of net cash flow to movement in net funds

	2012 £	2011 £
(Decrease) in cash in the year	(1,610,319)	(312,795)
Net funds at 1 October	2,680,691	2,993,486
Net funds at 31 July	1,070,372	2,680,691

University of Warwick Science Park Limited

NOTES TO THE CASH FLOW STATEMENT For the period ended 31 July 2012

i. Reconciliation of operating profit to net cash inflow from operating activities

	2012	2011
	£	£
Operating profit	806,283	702,265
Depreciation charges	244,631	313,422
Impairment of investment	949,633	(14,339)
Decrease/(Increase) in debtors	375,972	(191,447)
(Decrease) in creditors	(2,006,626)	(355,461)
Net Cash Inflow from Operating Activities	<u>369,893</u>	<u>454,440</u>

ii. Returns on Investments and Servicing of Finance

	2012	2011
	£	£
Income from participating interests	13,811	20,250
Interest received	76,826	70,252
Interest payable	(47,889)	(18,971)
Deed of covenant payments	(1,030,000)	-
	<u>(987,252)</u>	<u>71,531</u>

iii. Financing

	2012	2011
	£	£
Drawdown of new debenture loan	2,000,000	-
Repayment of bank loan	(239,991)	(99,360)
Repayment of debenture loans	(2,233,980)	(75,000)
	<u>(473,971)</u>	<u>(174,360)</u>

iv. Capital expenditure

	2012	2011
	£	£
Payment to acquire tangible fixed assets	<u>(418,003)</u>	<u>(198,170)</u>

v. Analysis of changes in net funds

	At 1 October 2011	Cash Flows	At 31 July 2012
	£	£	£
Cash in bank and in hand	<u>2,680,691</u>	<u>(1,610,319)</u>	<u>1,070,372</u>

University of Warwick Science Park Limited

NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2012

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Recognition of Income

Income from services rendered is included to the extent of completion of the contract or services concerned and is measured at the fair value of the consideration receivable

Fixed Assets

Land and buildings

Land and buildings are stated at cost. Land is not depreciated as it is considered to have an indefinite life. Buildings under construction are not depreciated until they are completed. Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the costs of these assets. Buildings are depreciated in equal instalments over their expected useful lives of 50 years and laboratory and other major refurbishments over 10 to 20 years. Where buildings are acquired with the aid of government and other specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the shorter of the grant term and the expected useful life of the buildings.

Equipment

Capitalised plant, equipment, fixtures and fittings both leased and owned, are stated at cost and depreciated in equal annual instalments over the following number of years

Plant and equipment under finance leases	10 years
Fixtures and fittings under finance leases	5 years
Owned fixtures and fittings	Between 5 and 10 years

A review for impairment of a fixed assets is carried out if events or changes in circumstances indicate that the carrying value of an asset may not be recoverable

Leases

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to expenditure on an accruals basis.

Pensions

Pensions costs are recognised in the financial statements as recharged by The University of Warwick.

Stock

Stocks include food and bar stocks and are valued at the lower of cost and net realisable value. Stocks of other consumable materials are written off to revenue as incurred.

Deferred Tax

No provision has been made for deferred tax on the grounds that the Company transfers its taxable profits by deed of covenant to the University of Warwick and therefore no deferred tax asset or liability will be realised in the company.

University of Warwick Science Park Limited

NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2012 (continued)

2. TURNOVER

Turnover arises from continuing activities in the United Kingdom, and is attributable to a single class of business – the operations of the Science Park and related business development activities

3. OPERATING PROFIT

This has been arrived at after charging

	2012	2011
	£	Restated £
Auditor's remuneration - audit fees	11,750	11,500
- non audit	7,850	15,000
Depreciation – owned assets	244,631	313,422
Operating lease payments - land and buildings	703,706	748,345
- plant and machinery	23,367	28,336

4. STAFF COSTS

Employees' remuneration and related costs during the year amounted to

	2012	2011
	£	£
Wages and salaries	605,838	802,561
Social security costs	49,984	65,535
Other pension costs	96,523	123,995
Total employees' remuneration	<u>752,345</u>	<u>992,091</u>

The average number of persons employed during the period was 22 (2011 – 28)

No directors have received any fee or remuneration for their services during the period (2011 - £nil)

Directors' and officers' liability insurance amounting to £2,389 (2011 - £2,791) has been paid by the University of Warwick on behalf of the directors. Under Company law, the remuneration of all of the directors falls to be disclosed within the band £nil - £5,000

University of Warwick Science Park Limited

NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2012 (continued)

5. TAXATION

The tax (credit) / charge comprises

	2012 £	2011 £
Current tax		
UK corporation tax	-	279,279
Adjustments in respect of prior years		
UK Corporation tax	(363,761)	10,048
Total current tax	(363,761)	289,327
Deferred tax		
Origination and reversal of timing differences	-	2,575
Effects of law changes	-	(12,923)
Adjustment in respect of prior years	-	3,076
Provision no longer required	(161,544)	-
Total deferred tax	(161,544)	(7,272)
Total tax on profit on ordinary activities	(525,305)	282,055

6. DEED OF COVENANT PAYABLE

The Deed of Covenant payable is analysed as follows

	2012 £	2011 £
Paid in respect of 2010/11	1,030,000	-
Payable in respect of 2011/12	657,000	-
	1,687,000	-

University of Warwick Science Park Limited

NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2012 (continued)

7. TANGIBLE FIXED ASSETS

	Long leasehold land and infrastructure	Long leasehold buildings	Fixtures, Fittings & Equipment	Total
Cost	£	£	£	£
At 1 October 2011	5,051,487	11,021,612	1,364,502	17,437,601
Additions	-	418,003	-	418,003
Disposals	-	-	(349,497)	(349,497)
As at 31 July 2012	<u>5,051,487</u>	<u>11,439,615</u>	<u>1,015,005</u>	<u>17,506,107</u>
Depreciation				
At 1 October 2011	794,230	2,765,331	1,298,235	4,857,796
Charge for the year	34,235	187,999	22,397	244,631
Eliminated on disposals	-	-	(349,497)	(349,497)
At 31 July 2012	<u>828,465</u>	<u>2,953,330</u>	<u>971,135</u>	<u>4,752,930</u>
Net book value				
At 31 July 2012	<u>4,223,022</u>	<u>8,486,285</u>	<u>43,870</u>	<u>12,753,177</u>
At 30 September 2011	<u>4,257,257</u>	<u>8,256,281</u>	<u>66,267</u>	<u>12,579,805</u>

8. INVESTMENTS

	2012 £	2011 £
Cost	1,299,634	1,299,634
Less provision for diminution in value	(949,633)	-
	<u>350,001</u>	<u>1,299,634</u>
Represented by		
Associated undertaking	350,001	1,079,624
Other equity investments	-	220,010
	<u>350,001</u>	<u>1,299,634</u>

University of Warwick Science Park Limited

NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2012 (continued)

8. INVESTMENTS (continued)

Associated undertakings

University of Warwick Science Park Business Innovation Centre Limited

The company holds 4,501 'B' ordinary shares being 45% of the ordinary issued share capital and debentures amounting to £725,122

The company's share of the associated interest is as follows

	2012	2011
	£	£
Turnover	130,483	177,704
(Loss) before taxation	(44,872)	(39,209)
Taxation	-	-
Loss after taxation	(44,872)	(39,209)
Fixed assets	812,895	892,800
Current assets	61,490	89,375
Liabilities due within one year	(50,781)	(132,184)
Liabilities due in more than one year	(1,610,985)	(1,506,430)
Shareholders' funds	(787,381)	(656,439)

University of Warwick Science Park Innovation Centre Limited

The company holds 350,001 'B' ordinary shares of £1 each being 80% of the ordinary issued share capital. However, a shareholders' agreement limits the voting rights of members and directors and the economic benefits. Accordingly the investment is treated as an associated undertaking.

The company's share of the associated interest is as follows:

	2012	2011
	£	£
Turnover	103,164	124,870
(Loss)/profit before taxation	(15,617)	10,528
Taxation	(5,152)	(10,528)
Loss after taxation	(20,769)	-
Fixed assets	633,000	689,400
Current assets	85,685	78,250
Liabilities due within one year	(79,814)	(48,145)
Liabilities due in more than one year	(595,546)	(599,010)
Shareholders' funds	43,325	120,495

Other equity investments

The Mercia Fund 2

This is a partnership between a number of partner institutions, including several universities, and the General Partner, Mercia 2 Fund managers Limited. The company's investment comprises a capital contribution of £250,000 being 4.9% of the total capital contributions.

University of Warwick Science Park Limited

NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2012 (continued)

9. DEBTORS	2012	2011
	£	£
Trade debtors	523,081	614,981
Other debtors and prepayments	223,107	164,926
Corporation tax	282,055	-
Amount due from the University of Warwick	-	510
Amounts owed by related parties	-	278,641
Dividend receivable	-	63,101
	1,028,243	1,122,159

10. CREDITORS (amounts falling due within one year)	2012	2011
	£	£
Bank loans and overdrafts	-	99,360
Trade creditors	110,681	370,297
Corporation tax	30,191	212,884
Other taxation and social security	97,342	95,715
Accruals	334,180	875,090
Amount due to the University of Warwick	912,839	29,200
Amounts owed to related parties	-	148,800
Government grants	149,052	31,041
Sinking fund	435,722	366,143
Debenture loans	-	905,000
	2,070,007	3,133,530

11. CREDITORS (amounts falling due after more than one year)	2012	2011
	£	£
Bank loans and overdrafts	-	140,631
Deferred income	-	1,125,246
Government grants	989,256	1,333,998
Debenture loan due to the University of Warwick	2,000,000	-
Other Debenture loans	-	1,328,980
	2,989,256	3,928,855

The debenture loan due to the University of Warwick is secured on the assets and undertaking of the company

University of Warwick Science Park Limited

NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2012 (continued)

12. PROVISIONS

	2012	2011
	£	£
Deferred taxation	-	161,544
Pensions	-	3,165
	<u>-</u>	<u>164,709</u>

13. DEFERRED TAXATION

As explained in the accounting policies note, no provision has been made for deferred tax on the grounds that the Company transfers its taxable profits by deed of covenant to the University of Warwick and therefore no deferred tax asset or liability will be realised in the company

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 25%. The differences are explained below

	2012	2011
	£	£
Profit on ordinary activities before tax	<u>849,031</u>	<u>775,796</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2011 27%)	213,952	209,465
Expenses not deductible for tax purposes	(70,018)	25,059
Depreciation in excess of capital allowances	56,611	39,574
Dividend income	(3,481)	(9,338)
Deed of covenant	(197,064)	-
Other timing differences	-	7,247
	<u>-</u>	<u>272,007</u>
Adjustment to tax in respect of previous periods	(525,305)	10,048
Current tax (credit) / charge for the period (note 5)	<u>(525,305)</u>	<u>282,055</u>

University of Warwick Science Park Limited

NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2012 (continued)

14. SHARE CAPITAL

	2012	2011
	£	£
Authorised:		
Voting share capital 27,092 ordinary shares of £1	27,092	27,092
Non-voting share capital 10,000 ordinary shares of £1	10,000	10,000
	<u>37,092</u>	<u>37,092</u>
Issued and fully paid		
Voting share capital 27,092 ordinary shares of £1	27,092	27,092
Non-voting share capital 905 ordinary shares of £1	905	905
	<u>27,997</u>	<u>27,997</u>

15. PROFIT AND LOSS ACCOUNT

	2012	2011
	£	£
As previously reported		5,836,173
Prior year adjustments		3,635,880
At 1 October	9,978,133	9,472,053
(Loss) / Profit for the period	(312,664)	506,080
At 31 July	<u>9,665,469</u>	<u>9,978,133</u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2012	2011
	£	£
Retained (loss) / profit for the financial period	(312,664)	506,080
Opening shareholder's funds	10,455,194	9,949,114
Closing shareholder's funds	<u>10,142,530</u>	<u>10,455,194</u>

17. PENSIONS

The Company participates in the University of Warwick Pension Scheme. In addition, defined contributions are paid into a group personal pension plan.

The pension costs charged to the profit and loss account during the period were £96,523 (2011 – £123,995), which includes amounts paid to the University of Warwick for pension costs attributable to seconded staff.

Disclosures required by FRS17 are included in the consolidated accounts of the University of Warwick.

University of Warwick Science Park Limited

NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2012 (continued)

18. FINANCIAL COMMITMENTS

At 31 July 2012, the Company had annual commitments under non-cancellable operating leases as set out below

	2012 Other £	2011 Other £
Operating lease which expire		
- In less than one year	26,724	28,336
- Between one and five years	16,640	30,897
- Over five years	251	-

In addition, the Company has operating lease commitments to the University of Warwick and third parties in respect of land and buildings under rent sharing underleases. The annual payment is based on a share of the occupational rental income, with a typical annual value of £900,000. The rent sharing underleases all expire in over five years.

19. PRIOR YEAR ADJUSTMENTS

On acquisition by the University of Warwick, the directors of the company have made a number of changes in the accounting policies adopted by the company

Treatment of capital grants:

Government grants in respect of investment properties were previously credited directly to the cost of the asset. This treatment is not in accordance with Schedule 1 to the Accounting Regulations to the Companies Act 2006, but was considered appropriate in order to show a true and fair view. The directors have concluded that it is more appropriate to classify the grants as deferred income.

Further, the directors have concluded that it is appropriate to release the deferred income to revenue over the contractual lives of the grants. The effects of this change in accounting policy are summarised below

	2011 £
Reclassification as deferred capital grants	
Balance sheet	
Increase in fixed assets	1,232,039
Increase in creditors – government grants	(1,232,039)
Release of deferred capital grants	
Balance sheet	
Cumulative release of deferred capital grants	1,779,099
Increase in retained reserves	(1,779,099)
Profit and loss account	
Release of deferred income	109,670

University of Warwick Science Park Limited

NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2012 (continued)

19. PRIOR YEAR ADJUSTMENTS (continued)

Treatment of land and buildings:

The University has not invested in the Science Park simply as a property investment activity. The Science Park is an integral component in the transfer of knowledge to high technology companies. The directors have concluded that it is more appropriate to classify the buildings as fixed assets under FRS 15 than as investment properties under SSAP 19. The effects of this classification are summarised below.

	2011 £
Balance sheet	
Reduction in investment properties	(14,855,124)
Increase in tangible fixed assets	13,062,673
Release of revaluation reserve	6,947,279
Cumulative historical cost depreciation	(3,298,046)
Increase in retained reserves	(1,856,781)
Profit and loss account	
Increase in depreciation	(200,400)

20. ULTIMATE PARENT ENTITY

The ultimate parent entity and controlling party is the University of Warwick, which is the parent undertaking which consolidates the group accounts. The consolidated parent accounts can be obtained from the principal place of business at University of Warwick, Coventry, CV4 8UW.

21. RELATED PARTY DISCLOSURES

The Company is a wholly owned subsidiary of the University of Warwick, and is included in the consolidated accounts of the University which are publicly available. As such, the Company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the University of Warwick group.

22. CONSOLIDATED ACCOUNTS

The Company is a wholly owned subsidiary of the University of Warwick, and is included in the consolidated accounts of the University which are publicly available. As such, the Company is exempt from preparing consolidated accounts.