

**Company Number: 1659656**

**UNIVERSITY OF WARWICK**

**SCIENCE PARK LIMITED**

**Annual Report**

**Year Ended 30 September 1995**



# **UNIVERSITY OF WARWICK SCIENCE PARK LIMITED**

Annual report  
for the year ended 30 September 1995

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**UNIVERSITY OF WARWICK SCIENCE PARK LIMITED****Directors and advisers****Non-executive directors**

Professor Sir B K Follett  
Professor R Whittenbury  
Mr J Hearth  
Mr K Thomas  
Mr J Besserman  
Councillor D A Forwood  
Councillor R Morris-Jones  
Councillor B Clack  
Councillor P W G Robinson

**Secretary and registered office**

Mr M L Shattock  
Senate House  
University of Warwick  
Coventry  
CV4 7AL

**Auditors**

Grant Thornton  
Chartered Accountants  
32-34 Queens Road  
Coventry  
CV1 3FJ

**Solicitors**

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

**Bankers**

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

## **UNIVERSITY OF WARWICK SCIENCE PARK LIMITED**

### **Report of the directors for the year ended 30 September 1995**

The directors present their report and the audited financial statements for the year ended 30 September 1995.

### **Principal activities**

The University of Warwick Science Park Limited aims to provide a focus for technology transfer and information exchange between University research and the commercial exploitation of high technology processes. In establishing the company, the shareholders intended that the Science Park should build upon the joint strength of a well established scientific community and a skilled workforce to play an important role in the economy of the West Midlands Region throughout the 1990s and beyond.

### **Review of business and future developments**

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future. Turnover for the year increased from £2,582,632 to £2,664,666. Rents received increased by £196,448. Sovereign Court II had come on stream towards the end of the 1993/4 year, and very high levels of occupancy were achieved over the Park throughout the year ended 30 September 1995. Turnover from the Russian Federation decreased during the year from £540,291 in 1993/4 to £380,045. This was due to the hiatus in the renewal of the contract for the second year of training and technology transfer services.

Good progress was achieved on the various projects started during the previous year to benefit companies both at the Science Park, and in the wider region. The increase in Science Park staff complement, and a full year's associated costs reflect this increase in project activity.

### **Results and Dividends**

The profit for the year after taxation was £85,002 (1994:£93,155) after making a contribution of £50,000 to the Science Park Foundation (1994:£NIL).

The directors do not recommend the payment of a dividend and the profit has therefore been retained.

### **Directors**

The directors of the company at 30 September 1995, all of whom have been directors for the whole of the year ended on that date were:-

<b>Name</b>	<b>Representing</b>
Professor Sir B K Follett	University of Warwick
Professor R Whittenbury	University of Warwick
Mr J D M Hearth	University of Warwick
Mr K Thomas	West Midlands Enterprise Board

Mr J Besserman  
 Councillor D A Forwood  
 Councillor R P L Morris-Jones  
 Councillor B R Clack  
 Councillor P W G Robinson

West Midlands Enterprise Board  
 Warwickshire County Council  
 Warwickshire County Council  
 Coventry City Council  
 Coventry City Council

Sir R Young retired from the Board on 1 December 1994.

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

No directors held beneficial interests in the shares of the company at 30 September 1995, or at any time during the year.

### **Directors' responsibilities for the financial statements**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Insurance effected for Directors and Officers**

The company has purchased insurance for the Directors and Officers of the company against liability arising from negligence, breach of duty, default or breach of trust in relation to the company, as permitted under Section 310 of the Companies Act 1985.

### **Changes in fixed assets**

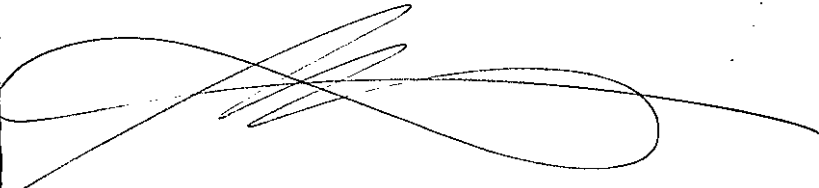
The movements in fixed assets during the year are set out in note 7 to the accounts. Long leasehold land and infrastructure and leasehold buildings in use at 30 September 1994 were revalued at that date. The valuations were on the basis of open market value in existing use. It is the directors' intention to revalue such assets every five years, and to account for additions in the intervening period at cost.

**Charitable donations**

Donations made during the year to charitable organisations amounted to £50,000 (1994: £NIL) and comprised a donation made to The University of Warwick Science Park Foundation.

**Auditors**

Grant Thornton offer themselves for re-appointment as auditors in accordance with section 385 of the Companies Act 1985.

**BY ORDER OF THE BOARD**A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

**M L SHATTOCK**  
Secretary

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

We have audited the financial statements on pages 6 to 21 which have been prepared under the accounting policies set out on pages 9 and 10.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

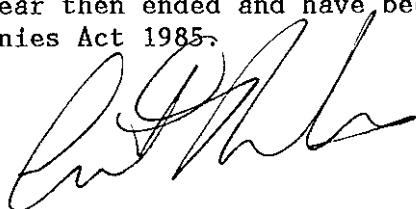
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
COVENTRY

9 February 1996

**UNIVERSITY OF WARWICK SCIENCE PARK LIMITED**
**Profit and loss account  
for the year ended 30 September 1995**

	Notes	1995 £	1994 £
<b>Turnover</b>	2	<u><b>2,664,666</b></u>	<u><b>2,582,632</b></u>
<b>Operating Profit</b>	2	<b>144,386</b>	<b>247,428</b>
Interest receivable and similar income		<b>42,436</b>	<b>34,746</b>
Other income		<b>11,560</b>	<b>9,397</b>
Interest payable and similar charges	5	<u><b>(80,924)</b></u>	<u><b>(83,416)</b></u>
Profit on ordinary activities before taxation		<b>117,458</b>	<b>208,155</b>
Tax on profit on ordinary activities	6	<u><b>(32,456)</b></u>	<u><b>(115,000)</b></u>
<b>Profit for the financial year</b>		<u><u><b>85,002</b></u></u>	<u><u><b>93,155</b></u></u>
<b>Statement of retained profits</b>			
Retained profits at 1 October 1994		<b>605,261</b>	<b>512,106</b>
Profit for the financial year		<u><b>85,002</b></u>	<u><b>93,155</b></u>
<b>Retained profits at 30 September 1995</b>		<u><u><b>690,263</b></u></u>	<u><u><b>605,261</b></u></u>

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



## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

## Balance sheet at 30 September 1995

	Notes	1995 £	£	1994 £	£
<b>Fixed assets</b>					
Tangible assets	7		10,619,239		10,741,567
<b>Current assets</b>					
Debtors	8	659,372		437,676	
Cash at bank and in hand		708,435		907,993	
		<u>1,367,807</u>		<u>1,345,669</u>	
<b>Creditors: amounts falling due within one year</b>	9	(847,927)		(1,069,755)	
<b>Net current assets</b>			<u>519,880</u>		<u>275,914</u>
<b>Total assets less current liabilities</b>			<u>11,139,119</u>		<u>11,017,481</u>
<b>Creditors: amounts falling due after more than one year</b>	10	(2,912,374)		(2,991,754)	
<b>Accruals and deferred income</b>	13	(637,491)		(521,475)	
			<u>(3,549,865)</u>		<u>(3,513,229)</u>
			<u>7,589,254</u>		<u>7,504,252</u>
<b>Capital and reserves</b>					
Called up share capital	14		27,997		27,997
Share premium	15		449,064		449,064
Revaluation reserve	15		6,347,371		6,347,371
Other reserves	15		74,559		74,559
Profit and loss account			690,263		605,261
<b>Shareholders' funds</b>	16		<u>7,589,254</u>		<u>7,504,252</u>

The financial statements were approved by the Board of Directors on 9 February 1996.

Director

*SK To Mello*

Director

*Phil McManus*

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

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

## Statement of total recognised gains and losses for the year ended 30 September 1995

	1995	1994
	£	£
Profit for the financial year	85,002	93,155
Unrealised surplus on revaluation of land and buildings	-	1,258,928
	<hr/>	<hr/>
<b>Total recognised gains and losses for the year</b>	<b>85,002</b>	<b>1,352,083</b>
	<hr/>	<hr/>

## Note of historical cost profits and losses

	1995	1994
	£	£
Profit on ordinary activities before taxation	117,458	208,155
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	78,195	56,252
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	195,653	264,407
	<hr/>	<hr/>
Historical cost profit retained	163,197	149,407
	<hr/>	<hr/>

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

**UNIVERSITY OF WARWICK SCIENCE PARK LIMITED****Notes to the financial statements  
for the year ended 30 September 1995****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards. The principal accounting policies of the company have remained unchanged from the previous year, and are set out below.

**Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of leasehold land and buildings.

**Fixed assets**

Long leasehold land and infrastructure and long leasehold buildings are stated at valuation; subsequent additions are stated at cost. It is the intention of the directors to revalue these assets every five years.

Other fixed assets are stated at their purchase cost together with any incidental expenses of acquisition.

The cost or valuation of leasehold land and infrastructure is amortised over the remaining period of the lease commencing from the date that those assets are first brought into use. The cost or valuation of leasehold buildings is amortised over 60 years or the remaining period of the lease if shorter.

Fixtures and fittings are depreciated over 5 years by the straight line method. Sundry plant and equipment is carried forward at a nominal value, the cost being written off in the year in which the expenditure occurs.

**Turnover**

Turnover represents rents, services and service charges receivable.

**Deferred tax**

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is shown as a contingent liability.

**UNIVERSITY OF WARWICK SCIENCE PARK LIMITED****Notes to the financial statements continued  
for the year ended 30 September 1995****Pension schemes**

The company participates in two defined benefit pension schemes. Each of the funds is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years, the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees services. The effects of variations from the regular cost are spread over the expected average remaining service lives of members of the scheme.

**Government grants**

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life. Other grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

**Finance and operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term. Where fixed assets are financed by leasing agreements, which transfer to the company substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms or the useful lives of equivalent owned assets.

**Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued  
for the year ended 30 September 1995

## 2 Turnover and profit on ordinary activities

	1995 £	1994 £
Turnover	2,664,666	2,582,632
Rent payable	(812,724)	(754,005)
Administration expenses	(1,244,493)	(1,146,384)
Establishment expenses	(542,220)	(509,056)
Government grants credited	79,157	74,241
Operating Profit	<u>144,386</u>	<u>247,428</u>

Turnover consists entirely of sales made in the United Kingdom and the Russian Federation and includes United Kingdom rental revenue from operating leases of £1,823,548 (1994 £1,627,100), and £380,045 (1994:£540,291) from a contract for training and technology transfer services for the Russian Federation

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

	1995 £	1994 £
Auditors' remuneration	6,500	6,100
Operating lease rentals for plant and machinery	3,506	3,794
Depreciation of tangible fixed assets	31,332	41,807
Lease amortisation	140,532	118,518
Government grants credited	(79,157)	(74,241)
Donations	50,000	-
	<u>          </u>	<u>          </u>

## 3 Directors' emoluments

The directors received no emoluments from the company during the year (1994: £NIL)

# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

## Notes to the financial statements continued for the year ended 30 September 1995

### 4 Employee information

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

	1995	1994
Administration	18	13
	=	=
Employment costs:	1995	1994
	£	£
Wages and salaries	310,880	240,555
Social security costs	26,463	20,123
Other pension costs	39,402	34,970
	<hr/>	<hr/>
Total direct costs of employment	<u>376,745</u>	<u>295,648</u>

### 5 Interest payable and similar charges

Interest payable on bank and other loans

	1995	1994
	£	£
Repayable within 5 years, by instalments	8,028	9,036
Repayable wholly or partly in more than 5 years	72,896	74,380
	<hr/>	<hr/>
	<u>80,924</u>	<u>83,416</u>

### 6 Taxation

The tax charge is based on the profit  
for the year and represents:

	1995	1994
	£	£
Corporation tax at 25% (1994 28.1%)	32,456	110,865
Adjustment in respect of prior years	-	4,135
	<hr/>	<hr/>
	<u>32,456</u>	<u>115,000</u>

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued  
for the year ended 30 September 1995

## 7 Tangible fixed assets

	Long leasehold land and infra- structure	Long leasehold buildings	Fixtures fittings and sundry plant and equipment	Total
	£	£	£	£
<b>Cost or valuation</b>				
1 October 1994	4,909,250	5,823,000	291,469	11,023,719
Additions	12,287	(867)	38,116	49,536
	<hr/>	<hr/>	<hr/>	<hr/>
<b>30 September 1995</b>	<b><u>4,921,537</u></b>	<b><u>5,822,133</u></b>	<b><u>329,585</u></b>	<b><u>11,073,255</u></b>
<b>Depreciation</b>				
1 October 1994	-	-	282,152	282,152
Charge for year	36,007	104,525	31,332	171,864
	<hr/>	<hr/>	<hr/>	<hr/>
<b>30 September 1995</b>	<b><u>36,007</u></b>	<b><u>104,525</u></b>	<b><u>313,484</u></b>	<b><u>454,016</u></b>
<b>Net book value</b>	<b><u>4,885,530</u></b>	<b><u>5,717,608</u></b>	<b><u>16,101</u></b>	<b><u>10,619,239</u></b>
<b>30 September 1995</b>				
Net book value	4,909,250	5,823,000	9,317	10,741,567
30 September 1994	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cost or valuation at 30 September 1995 is represented by:</b>				
<b>Valuation</b>	<b>4,909,250</b>	<b>5,823,000</b>	<b>-</b>	<b>10,732,250</b>
<b>Cost</b>	<b>12,287</b>	<b>(867)</b>	<b>329,585</b>	<b>341,005</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	<b><u>4,921,537</u></b>	<b><u>5,822,133</u></b>	<b><u>329,585</u></b>	<b><u>11,073,255</u></b>

# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

## Notes to the financial statements for the year ended 30 September 1995

### Valuations

Land and buildings are included at a 1994 valuation of £10,732,250 with subsequent additions at cost. No provision has been made in the deferred taxation account for the estimated corporation tax that would be payable on disposal at this valuation because, in the opinion of the directors, these assets are unlikely to be disposed of in the foreseeable future.

The historical cost and related depreciation of land and buildings included at a valuation are set out below:

	Long leasehold land and infrastructure		Long leasehold buildings	
	1995 £	1994 £	1995 £	1994 £
Historical cost	2,889,623	2,877,336	2,519,299	2,520,166
Depreciation based on cost	(159,661)	(139,312)	(211,213)	(169,225)
Historical cost net book value	<u>2,729,962</u>	<u>2,738,024</u>	<u>2,308,086</u>	<u>2,350,941</u>



## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements  
for the year ended 30 September 1995

## 8 Debtors

	1995 £	1994 £
Trade debtors	171,976	208,085
Prepayments and accrued income	449,613	229,591
Other debtors	<u>37,783</u>	<u>-</u>
	<u>659,372</u>	<u>437,676</u>

Included within prepayments and accrued income is an amount of £58,920 (1994 £65,130) due after more than one year.

## 9 Creditors: amounts falling due within one year

	1995 £	1994 £
Debenture loans (see note 10)	-	81,081
Trade Creditors	503,742	476,165
Bank loans (see note 10)	76,500	36,000
Corporation tax payable	49,178	110,865
Other creditors including:		
Sinking fund (see note 11)	69,029	59,682
Interest payable on debenture loans	14,339	14,339
Other	12,500	33,861
Accruals	122,639	257,762
	<u>847,927</u>	<u>1,069,755</u>

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the Financial Statements  
for the year ended 30 September 1995**10 Creditors: amounts falling due after more than one year**

	1995	1994
	£	£
Debenture loans	2,311,912	2,310,754
Bank loans	600,462	681,000
	<u>2,912,374</u>	<u>2,991,754</u>

The bank loans are secured by a legal charge over certain land and buildings. The debenture loans are secured on the company's other leasehold property ranking after the bank's charge.

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

	1995	1994
	£	£
<b>Debenture loans:</b>		
<b>Repayable within one year:</b>		
1% Other Debenture loans	-	81,081
<b>Repayable after five years:</b>		
1% Debenture loans 2011/2012	1,811,250	1,811,250
1% Debenture loan 2015/2016	323,730	323,730
1% Debenture loan 2016/2017	99,000	99,000
1% Other debenture loans	<u>77,932</u>	<u>76,774</u>
	<u>2,311,912</u>	<u>2,391,835</u>

Other debenture loans become payable at different times, depending upon when the site is developed.

**Bank loans:**

Repayable by instalments within one year	76,500	36,000
After one and within two years	76,500	71,000
After two and within five years	173,000	170,000
After five years	<u>350,962</u>	<u>440,000</u>
	<u>676,962</u>	<u>717,000</u>

Interest on bank loans is charged at 1.5% over LIBOR.

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

**Notes to the financial statements  
for the year ended 30 September 1995**

**11 Sinking fund**

The sinking fund comprises monies held against future essential major repairs on buildings in which the company has a long leasehold interest. The movement on the sinking fund during the year is set out below:-

	£
At 1 October 1994	59,682
Payment into fund	7,500
Interest receivable	1,847
Withdrawals from fund	-
<b>At 30 September 1995</b>	<b>69,029</b>

**12 Deferred taxation**

Analysis of provision and potential liability:-

	Amount provided		Full potential liability	
	1995	1994	1995	1994
	£	£	£	£
Revalued properties	-	-	1,350,000	1,430,000

**13 Accruals and deferred income**

	£
<b>Government and other grants</b>	
At 1 October 1994	521,475
Received in year	127,576
Amortisation in year	(11,560)
<b>At 30 September 1995</b>	<b>637,491</b>

**UNIVERSITY OF WARWICK SCIENCE PARK LIMITED**
**Notes to the financial statements  
for the year ended 30 September 1995**
**14 Called up share capital**

	1995 £	1994 £
Authorised:		
Voting share capital		
27,092 shares of £1 each	27,092	27,092
Non voting share capital		
10,000 shares of £1 each	10,000	10,000
	<u>37,092</u>	<u>37,092</u>
Allotted and called up and fully paid		
Voting share capital		
27,092 shares of £1 each	27,092	27,092
Non voting share capital		
905 shares of £1 each	905	905
	<u>27,997</u>	<u>27,997</u>

**15 Share premium account and reserves**

	Share Premium Account £	Revaluation Reserve (see note 7) £	Other Reserves £
At 1 October 1994	449,064	6,347,371	74,559
Revaluation surplus	-	-	-
	<u>449,064</u>	<u>6,347,371</u>	<u>74,559</u>
<b>At 30 September 1995</b>	<b><u>449,064</u></b>	<b><u>6,347,371</u></b>	<b><u>74,559</u></b>

Other reserves relate to a loan received several years ago to help finance the set up of the company. In previous years it was treated as a creditor falling due after one year. The directors of the company are now satisfied that no amounts are repayable and have therefore reclassified the full amount.

**UNIVERSITY OF WARWICK SCIENCE PARK LIMITED**
**Notes to the financial statements  
for the year ended 30 September 1995**
**16 Reconciliation of movements in shareholders' funds**

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	<b>85,002</b>	<b>93,155</b>
Other recognised gains and losses	<b>-</b>	<b>1,258,928</b>
	<hr/>	<hr/>
Net increase in shareholders' funds	<b>85,002</b>	<b>1,352,083</b>
Shareholders' funds at 1 October 1994	<b>7,504,252</b>	<b>6,152,169</b>
	<hr/>	<hr/>
<b>Shareholders' funds at 30 September 1995</b>	<b><u>7,589,254</u></b>	<b><u>7,504,252</u></b>

# UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

## Notes to the financial statements for the year ended 30 September 1995

### 17 Contingent liabilities and financial commitments

#### Contingent liability

There were no contingent liabilities at 30 September 1995.

If the company had sold the Advance Technology Unit 1 before 30 September 1995 West Midlands County Council had the right to participate in any profits on disposal. The company had no intention of selling at 30 September 1994, and consequently no provision was made for any profit share.

Capital expenditure	1995 £	1994 £
Approved by the directors but not yet contracted for	-	-
Approved by the directors and contracted for	-	-

#### Lease commitments

The company has financial commitments in respect of non-cancellable operating leases of sundry plant and machinery. The rentals payable under these leases in the next year are as follows:-

	1995 £	1994 £
Date of lease termination:		
Within one year	3,506	3,506
In second to fifth years inclusive	2,045	5,259
	<u>5,551</u>	<u>8,765</u>

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

### Notes to the financial statements for the year ended 30 September 1995

#### 18. 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 1995, any business relationship with any local authority, as defined under Section 69(3) of the Local Government and Housing Act 1989.

#### 19 Pension Schemes

Certain employees are members of the University of Warwick Pension Scheme. This is an exempt-approved pension scheme. The scheme provides retirement benefits (based on final pensionable salary) and lump sum and spouses death in service benefits. The scheme is set up under trust and the assets are held in a separate trustee administered fund. The last actuarial valuation was as at 6 April 1995. The pension costs were assessed in accordance with the advice of a qualified actuary using the Projected Unit method. The major financial assumptions used were that the long term investment returns would average 9% per annum compound, that long term salary increases (both promotional and inflationary) would average 7.5% per annum compound (but at 6% per annum for 3 years to 1998) and that pensions would increase at a minimum rate of 3% per annum compound.

The market value of the assets at 5 April 1995 was £25,525,500 and the actuarial valuation of the assets showed them to be sufficient to cover 107% of the benefits which had accrued to members after allowing for expected future increases in earnings. To reduce this surplus, on the advice of the actuary, the University of Warwick did not pay contributions until 1 October 1995, and has recommenced reduced contributions at 8% of earnings, compared with the 13.15% long term rate calculated by the actuary.

Other employees are members of the Universities Superannuation Scheme. The scheme provides retirement benefits (based on final pensionable salary). The assets of the scheme are held in a separate trustee administered fund.

The last actuarial valuation was at 31 March 1993. The pension costs were assessed in accordance with the advice of a qualified actuary using the Projected Unit method. The major financial assumptions used were that the long term investment returns would be 8.5% per annum, that long term salary increases would be 6.5% per annum and that pensions would increase by 5% per annum. The market value of the assets at 31 March 1993 was £7,838 million and the actuarial valuation of the assets showed them to be sufficient to cover 97% of the benefits which had accrued to members after allowing for expected future increases in earnings. The level of contributions paid by the employing institutions takes into account this actuarial deficiency. The pension contribution charged in the accounts comprises a regular cost of 13.78% plus 4.77% which is calculated to result in the shortfall on costs below liabilities being allocated over approximately 5 years.

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

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

**Profit and loss account  
for the year ended 30 September 1995**

	£	1995 £	£	1994 £
<b>Turnover</b>		2,664,666		2,582,632
<b>Direct expenses</b>				
Rent payable		(812,724)		(754,005)
<b>Operating expenses</b>				
Administrative expenses		(1,165,336)		(1,072,143)
Establishment expenses		(542,220)		(509,056)
		<hr/>		<hr/>
<b>Operating profit</b>		144,386		247,428
<b>Other income</b>				
Interest receivable		42,436		34,746
Grants received		11,560		9,397
		<hr/>		<hr/>
		198,382		291,571
<b>Other expenses</b>				
Debenture loan interest	(23,919)		(31,688)	
Interest on secured loan	(57,005)		(51,728)	
	<hr/>		<hr/>	
		80,924		(83,416)
<b>Profit on ordinary activities before taxation</b>		<hr/>		<hr/>
		117,458		208,155
		<hr/>		<hr/>



## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Operating expense details  
for the year ended 30 September 1995

	1995		1994	
	£	£	£	£
<b>Administrative expenses</b>				
Advertising and publicity	73,823		81,111	
Bad debts	2,878		(7,237)	
Bank charges and interest	2,952		8,484	
Depreciation	31,332		41,807	
Donation-charitable	50,000		-	
Lease amortisation	140,532		118,518	
Leasing and hire charges	3,506		3,794	
Legal and professional	46,601		40,067	
Postage and telephone	64,151		59,926	
Printing and stationery	29,763		28,350	
Publications and translations	8,126		8,021	
Staff training and welfare	20,635		21,967	
Subscriptions	4,761		3,405	
Sundry expenses	76,229		50,708	
Travel, subsistence and entertaining	72,564		75,730	
Wages and salaries	310,880		240,555	
Staff pension	39,402		34,970	
Wages-employer's NI	26,463		20,123	
Subcontracted Russian project costs	239,895		316,085	
Grants receivable	(79,157)		(74,241)	
	<hr/>	<hr/>	<hr/>	<hr/>
		1,165,336		1,072,143
		<hr/>		<hr/>
<b>Establishment expenses</b>				
Cleaning	51,825		48,707	
Landscaping	54,948		48,885	
Light and heat	37,427		44,170	
Other services	37,090		33,890	
Insurance	50,072		44,577	
Repairs and renewals	289,641		261,655	
Security	21,217		27,172	
	<hr/>	<hr/>	<hr/>	<hr/>
		542,220		509,056
		<hr/>		<hr/>

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Cash flow statement  
for the year ended 30 September 1995

	Note	1995	1994
		£	£
Net cash inflow from operating activities	1	114,549	538,108
Returns on investments and servicing of finance:			
Interest received		42,436	34,746
Interest paid		(92,903)	(57,751)
		<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance		(50,467)	(23,005)
Taxation:			
UK corporation tax-paid		(94,143)	(37,159)
Investing activities:			
Purchase of tangible fixed assets		(49,536)	(340,167)
Net cash outflow from investing activities		<hr/> (49,536)	<hr/> (340,167)
Net cash (outflow)/inflow before financing		(79,597)	137,777
Financing:			
Repayment of borrowing		<hr/> (119,961)	<hr/> (22,000)
Net cash outflow from financing	2	<u>(119,961)</u>	<u>(22,000)</u>
(Decrease) increase in cash and cash equivalents	3	<u>(199,558)</u>	<u>115,777</u>

## UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the cash flow statement  
for the year ended 30 September 1995

## 1 Net cash inflow from operating activities

	1995 £	1994 £
Operating profit	144,386	247,428
Depreciation	171,864	160,325
(Increase)/Decrease in debtors	(221,696)	8,918
(Decrease)/Increase in creditors	(107,581)	121,437
Grants received	127,576	-
	<hr/>	<hr/>
Net cash inflow from operating activities	114,549	538,108
	<hr/>	<hr/>

## 2 Analysis of changes in financing

	Share capital (including premium)		Loans and amounts due under finance leases	
	1995 £	1994 £	1995 £	1994 £
At 1 October 1994	477,061	477,061	3,108,835	3,130,835
Net cash outflow from financing	-	-	(119,961)	(22,000)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 1995	477,061	477,061	2,988,874	3,108,835
	<hr/>	<hr/>	<hr/>	<hr/>

**UNIVERSITY OF WARWICK SCIENCE PARK LIMITED**
**Notes to the cash flow statement  
for the year ended 30 September 1995**
**3 Analysis of changes in cash and cash equivalents**

	1995 £	1994 £
At 1 October 1994	907,993	792,216
Net cash (outflow)/inflow	(199,558)	115,777
	<hr/>	<hr/>
At 30 September 1995	<u>708,435</u>	<u>907,993</u>

**4 Analysis of cash and cash equivalents**

Cash and cash equivalents comprise:

	1995 £	1994 £	1993 £	Change in 1995 £	Change in 1994 £
Cash at bank and in hand	<u>708,435</u>	<u>907,993</u>	<u>792,216</u>	<u>(199,558)</u>	<u>115,777</u>