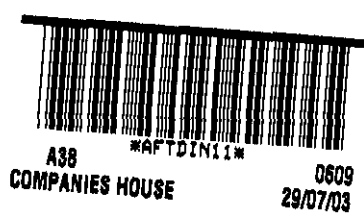


Company Number: 1659656



UNIVERSITY OF WARWICK
SCIENCE PARK LIMITED

Annual Report

Year Ended 30 September 2002

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

**Annual report
for the year ended 30 September 2002**

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UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Report of the directors for the year ended 30 September 2002

Directors and advisers

Non-executive directors

Professor V D VandeLinde
Professor S B Palmer
Mr K Thomas
Mr H R P Thompson
Mr A Hope
Councillor J A Tandy
Councillor R P L Morris-Jones
Councillor A Skipper
Councillor D Batten
Dr I D Nussey
Mr P Burns

Secretary and registered office

Dr J W Nicholls
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

Shoosmiths Solicitors
Lock House
Castle Meadow Road
Nottingham

Bankers

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

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Report of the directors for the year ended 30 September 2002

The directors present their report and the audited financial statements for the year ended 30 September 2002.

Principal activities

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

Review of business and future developments

The financial position at the end of the year was satisfactory, and the current level of activity is expected to continue into the foreseeable future. Turnover for the year increased from £3,615,552 to £4,185,569, with rents received increasing by £377,852 due to both increasing rent levels and the continuing high levels of occupancy throughout the year to 30 September 2002. Service charges and other services provided increased from £1,250,593 to £1,442,758.

In November 2001, the company took possession of the third phase of 15,000 sq ft for the Warwick Innovation Centre (a joint venture lease / leaseback agreement with Warwickshire County Council). Through the year, letting activity moved forward steadily to end the year at over 80%, a level above the planned uptake.

Project activity, and resulting costs, continued during the year, and overall progress was maintained on these projects benefiting the companies in the region. The Enterprise Fellowship Scheme, offering placement to suitable staff, students and alumni of Warwick and Coventry Universities enabling them to devote the time needed to develop their innovative business ideas with growth potential, was nearing completion at the year-end under a contract from the European Union. A successor project is planned but with the University of Warwick as the principal and the Science Park still continuing to provide loan advances, repayable by Fellows over a 5 year period. The loans are to enable the Fellows to develop their ideas to the stage of business formation. During the year, Streamline Computers, a company formed by an E.F.S. Fellow took up accommodation at the Science Park. A new contract was awarded to the company by Business Link to develop and implement its Teamstart activity across the entirety of the West Midlands. Two programmes were run in the year with a further two expected after the year-end. Teamstart assists new entrepreneurs to start up high value added growth businesses with others. Continuing programmes included Student Placements, Technical Marketing and Networking.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Report of the directors for the year ended 30 September 2002

Results and Dividends

The profit for the year before taxation amounted to £399,838 (2001: £185,112) and the profit after taxation was £250,594. (2001: £112,835).

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 2002, all of whom served throughout the year, except where indicated, are listed below:

Name	Representing
Professor V D VandeLinde	University of Warwick
Professor S B Palmer	University of Warwick
Mr H R P Thompson	University of Warwick
Mr K Thomas	West Midlands Enterprise Ltd
Mr A Hope	West Midlands Enterprise Ltd
Councillor J A Tandy	Warwickshire County Council
Councillor R P L Morris-Jones	Warwickshire County Council
Councillor A Skipper	Coventry City Council
Councillor D Batten	Coventry City Council
Dr I D Nussey	Independent
Mr P Burns (appointed 27 February 2002)	Coventry & Warwickshire Chamber of Commerce

Mr P Howden resigned as a director with effect from 27 February 2002.

Directors' interests in the shares of the company

No directors held interests in the shares of the company at 30 September 2002, 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;

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

**Report of the directors
for the year ended 30 September 2002**

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

Charitable donations

A donation of £100 was made during the year (2001:NIL).

Auditors

Grant Thornton having offered themselves for re-appointment as auditors shall be deemed to be re-appointed for the next financial year in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



J W NICHOLLS
Secretary
22 July 2003

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

We have audited the financial statements of The University of Warwick Science Park Limited for the year ended 30 September 2002 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom law and accounting standards 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 United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

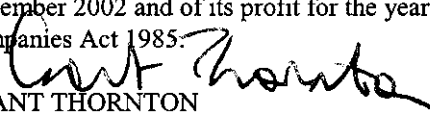
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2002 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
22 July 2003

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Profit and loss account for the year ended 30 September 2002

	Note	2002 £	2001 As restated £
Turnover	2	4,185,569 =====	3,615,552 =====
Operating Profit	2	316,345	145,628
Income from fixed asset investments	3	43,988	44,357
Interest receivable and similar income		139,426	70,810
Other income		20,727	11,560
Interest payable and similar charges	6	(120,648) _____	(87,243) _____
Profit on ordinary activities before taxation		399,838	185,112
Tax on profit on ordinary activities	7	(149,244) _____	(72,277) _____
Profit for the financial year	17	250,594 =====	112,835 =====

All operations are continuing.

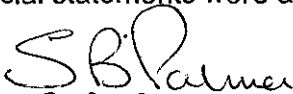
The accompanying accounting policies and notes form an integral part of these financial statements.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED
Balance sheet at 30 September 2002


	Note	2002	2001
		£	As restated £
Fixed assets			
Tangible assets	8	15,565,723	13,941,755
Investments	9	1,079,623	1,079,623
Current assets			
Debtors	10	670,496	702,739
Loans	10	336,085	247,486
Cash at bank and in hand		<u>1,355,536</u>	<u>1,073,952</u>
		2,362,117	2,024,177
Creditors: amounts falling due within one year	11	(1,421,675)	(1,451,803)
Net current assets		940,442	572,374
Total assets less current liabilities		17,585,788	15,593,752
Creditors: amounts falling due after more than one year	12	(3,607,082)	(3,640,002)
Provisions for liabilities and charges	14	(333,000)	(328,000)
Accruals and deferred income	15	(1,245,285)	(1,116,229)
		(5,185,367)	(5,084,231)
		12,400,421	10,509,521
		=====	=====
Capital and reserves			
Called up share capital	16	27,997	27,997
Share premium	17	449,064	449,064
Revaluation reserve	17	9,713,565	8,999,097
Profit and loss account	17	2,209,795	1,033,363
Shareholders' funds	18	12,400,421	10,509,521
		=====	=====

The financial statements were approved by the Board of Directors on 22 July 2003

Director


S. B. PALMER

Director


D. BATTEN

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

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Cash flow statement for the year ended 30 September 2002

	Note	2002	2001
			As restated
		£	£
Net cash inflow from operating activities	25	555,753	411,067
Dividends received from joint venture		35,804	44,357
Returns on investments and servicing of finance:			
Interest received	87,127	66,419	
Interest paid	(142,844)	(83,056)	
Net cash outflow from returns on investments and servicing of finance		(55,717)	(16,637)
Taxation:			
Corporation tax paid		(80,904)	(71,159)
Capital expenditure			
Purchase of tangible fixed assets	(326,801)	(1,424,084)	
Less: Capital grant received	149,783	550,000	
Net cash outflow from capital expenditure		(177,018)	(874,084)
Acquisitions and disposals	-	-	
Purchase of investments	-	-	
Net cash outflow from acquisitions and disposals		-	-
Net cash inflow/(outflow) before financing		277,918	(506,456)
Financing:			
Repayment of borrowing	(91,334)	(66,406)	
New borrowing	95,000	655,000	
Net cash inflow from financing		<u>3,666</u>	<u>588,594</u>
Increase in cash	26	<u>281,584</u>	<u>82,138</u>
		=====	=====

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

	2002	2001 As restated
	£	£
Profit for the financial year	250,594	112,835
Unrealised surplus on revaluation of land and buildings	1,640,306	-
	<hr/>	<hr/>
Total recognised gains for the year	1,890,900 =====	112,835 =====

Note of historical cost profits and losses

	2002	2001 As restated
	£	£
Profit on ordinary activities before taxation	399,838	185,112
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	119,700	100,003
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	519,538 =====	285,115 =====
Historical cost profit retained	370,294 =====	212,838 =====

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 2002

1 Principal accounting policies

The principal accounting policies of the company have remained unchanged from the previous year, apart from deferred taxation as detailed below.

Basis of preparation

The financial statements have been prepared under the historical cost convention except that leasehold land and buildings are shown at their revalued amounts.

Fixed assets

Fixed assets other than leasehold land and buildings are stated at their purchase cost together with any directly attributable costs of acquisition.

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

Fixtures and fittings are depreciated over 5 years by the straight line method. 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

Deferred taxation is recognised on all timing difference where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date.

The prior year financial statements noted the amount of unprovided deferred taxation, and the effect on the accounts is disclosed within note 14.

Investments

Investments are stated at cost less amounts written off.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued for the year ended 30 September 2002

Income from investments

Investment income comprises dividends declared during the accounting period.

Pension schemes

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

Government grants

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

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Foreign currencies

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

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued
for the year ended 30 September 2002

2 Turnover and profit on ordinary activities

	2002 £	2001 £
Turnover	4,185,569	3,615,552
Rent payable	(1,290,660)	(1,029,641)
Administration expenses	(2,109,824)	(2,072,406)
Establishment expenses	(951,654)	(775,751)
Grants receivable	482,914	407,874
	<hr/>	<hr/>
Operating Profit	316,345 =====	145,628 =====

Turnover consists entirely of sales made in the United Kingdom and includes revenue of £2,742,811 from operating leases (2001:£2,364,959).

Profit on ordinary activities is stated after charging:-

	2002 £	2001 £
Auditors' remuneration	12,000	11,000
Operating lease rentals for plant and machinery	12,459	13,749
Depreciation of tangible fixed assets	128,773	171,141
Lease amortisation	209,787	186,558
Donations	100	-
	<hr/>	<hr/>

3 Income from fixed asset investments

	2002 £	2001 £
From shares in group undertaking - University of Warwick Science Park Innovation Centre Limited	43,988 =====	44,357 =====

4 Directors' emoluments

The directors received no emoluments from the company during the year (2001:NIL)

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued for the year ended 30 September 2002

5 Employee information

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

	2002	2001
Employees	28	28
	==	==
Employment costs:	2002	2001
	£	£
Wages and salaries	680,774	650,954
Social security costs	52,169	51,147
Other pension costs	75,028	71,545
	-----	-----
Total direct costs of employment	807,971	773,646
	=====	=====

6 Interest payable and similar charges

	2002	2001
	£	£
On bank loans and overdrafts	97,558	63,345
On other loans	23,090	23,898
	-----	-----
	120,648	87,243
	=====	=====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued
for the year ended 30 September 2002

7 Tax on Profit on Ordinary Activities

i. Analysis of charge in the year.

	2002	2001
	£	As restated £
Current tax		
UK Corporation tax on profit for the year at 30% (2001: 30%)	141,000	78,277
Adjustment in respect of previous years	<u>3,244</u>	<u>-</u>
Total current tax	144,244	78,277
Deferred tax		
Origination (reversal) of timing differences	5,000	(6,000)
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>149,244</u>	<u>72,277</u>
	=====	=====

ii. Factors affecting tax change for the year.

	2002	2001
Profit on ordinary activities before tax	399,838	185,112
	=====	=====
Profit on ordinary activities multiplied by the rate of corporation tax 30 %(2001 : 30%)	119,951	55,533
Effects of		
Expenses not deductible for tax purposes (primarily depreciation on non-qualifying buildings)	61,672	55,193
Capital allowances for period in excess of depreciation	(10,000)	-
Franked investment income not subject to Corporation tax	(13,196)	(15,524)
Marginal relief on corporation tax charge	(22,427)	(38,831)
Other timing differences	5,000	6,000
Adjustment to tax charge in respect of previous years	3,244	15,906
	<hr/>	<hr/>
Current tax charge	<u>144,244</u>	<u>78,277</u>
	=====	=====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued
for the year ended 30 September 2002

8 Tangible fixed assets

	Long leasehold land and infra- structure	Long leasehold buildings	Fixtures fittings and sundry plant and equipment	Total
	£	£	£	£
Cost or valuation				
1 October 2001	5,841,828	8,342,840	1,032,436	15,217,104
Additions	-	211,942	114,859	326,801
Disposals	-	-	-	-
Surplus on revaluation	416,340	645,247	-	1,061,587
	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2002	6,258,168	9,200,029	1,147,295	16,605,492
	=====	=====	=====	=====
Depreciation				
1 October 2001	88,377	280,555	906,417	1,275,349
Charge for year	44,252	165,535	133,352	343,139
Disposals	-	-	-	-
Eliminated on revaluation	(132,629)	(446,090)	-	(578,719)
	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2002	-	-	1,039,769	1,039,769
	=====	=====	=====	=====
Net book value				
30 September 2002	6,258,168	9,200,029	107,526	15,565,723
	=====	=====	=====	=====
Net book value				
30 September 2001	5,753,451	8,062,285	126,019	13,941,755
	=====	=====	=====	=====
Cost or valuation at 30 September 2002 is represented by:				
Valuation	6,258,168	9,186,332	-	15,444,500
Cost	-	13,697	1,147,295	1,160,992
	<hr/>	<hr/>	<hr/>	<hr/>
	6,258,168	9,200,029	1,147,295	16,605,492
	=====	=====	=====	=====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued for the year ended 30 September 2002

Valuations

An interim professional valuation of the land and buildings was made by FPD Savills at 30 September 2002. This valuation of £15,444,500 is included with work in progress valued at cost. The basis of the valuation used was open market value. The surplus arising was transferred to the revaluation reserve.

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	
	2002	2001	2002	2001
	£	£	£	£
Historical cost	2,936,820	2,936,820	4,185,062	3,973,119
Depreciation based on cost	(303,654)	(282,963)	(558,470)	(489,074)
Historical cost net book value	<u>2,633,166</u> =====	<u>2,653,857</u> =====	<u>3,626,592</u> =====	<u>3,484,045</u> =====

9 Fixed asset investments

	2002	2001
Interests in joint ventures	<u>1,079,623</u> =====	<u>1,079,623</u> =====

At 30 September 2002 the company had interests in the following joint ventures:

(1) University of Warwick Science Park Innovation Centre Limited

The University of Warwick Science Park Limited is the holder of 350,001 'B' Ordinary Shares of £1 each representing 100% of that class in the University of Warwick Science Park Innovation Centre Limited. Warwickshire County Council is also a shareholder of the company holding 87,500 'A' Ordinary Shares of £1 each and 952,500 'A' Preference Shares of £1 each, representing 100% of the shares issued of those classes. The objects of the company are to construct and operate an incubator unit on the Warwick Technology Park. The University of Warwick Science Park Limited is also standing as guarantor for loans of £433,000 to assist in the construction, and has also committed itself to provide working capital up to £150,000, on a temporary loan basis, during the initial stages of the company's life.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements continued for the year ended 30 September 2002

A Shareholder's Agreement restricts the voting rights of members and directors such that the University of Warwick Science Park Innovation Centre Limited falls within the Companies Act 1985 definition of an associated undertaking, and under FRS9 is classed as a joint venture. The company made a profit after taxation of £165,270 for the year to 30 September 2002 (2001:£191,704) and had capital and reserves amounting to £2,853,652 at 30 September 2002 (2001:£2,778,951).

(2) University of Warwick Science Park Business Innovation Centre Limited

The University of Warwick Science Park Limited is the holder of 4,501 'B' Ordinary Shares of £1 each representing 100% of that class in the University of Warwick Science Park Business Innovation Centre Limited. Coventry City Council and the Coventry and Warwickshire Chamber of Commerce are also shareholders of the company. Coventry City Council holds 2,000 'A' Ordinary Shares of £1 each and 152,166 'A' Preference Shares of £1 each and the Chamber holds 3,500 'C' Ordinary Shares of £1 each. These holdings also represent 100% of the shares issued of those classes.

The objects of the company are to construct and operate a business incubator unit on the Binley Business Park. A Shareholder's Agreement restricts the voting rights of members and directors such that the University of Warwick Science Park Business Innovation Centre Limited falls within the Companies Act 1985 definition of an associated undertaking, and under FRS9 is classed as a joint venture. The company made a profit after taxation of £31,177 for the year to 30 September 2002 (2001: £67,211) and had capital and reserves of £82,906 at 30 September 2002 (2001: £51,729).

Cost and net book amount	Shares £	Loans £	Total £
At 1 October 2001 and 30 September 2002	354,502 =====	725,121 =====	1,079,623 =====

10 Debtors and loans

	2002 £	2001 £
Debtors		
Trade debtors	465,928	322,007
Prepayments and accrued income	196,384	300,425
Other debtors	8,184	80,307
	670,496 =====	702,739 =====

Included within prepayments and accrued income is an amount of £54,420 (2001:£4,000) due after more than 1 year.

Loans: due after one year		
Enterprise Fellowship Scheme	208,000	100,000
Blythe Valley Innovation Centre Ltd	128,085	147,486
	336,085 =====	247,486 =====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2002

11 Creditors: amounts falling due within one year

	2002	2001
	£	£
Trade creditors	572,209	789,531
Bank loans (see note 12)	127,740	91,154
Corporation tax	141,000	77,660
Social security and other taxes	96,549	-
Sinking fund (see note 13)	175,607	158,394
Interest payable on debenture loans	-	14,339
Amount owed to group undertaking - University of Warwick Science Park Innovation Centre Limited	10,202	59,615
University of Warwick Science Park Business Innovation Centre Limited	42,521	17,137
Other creditors	14,642	31,490
Accruals and deferred income	241,205	212,483
	<u>1,421,675</u>	<u>1,451,803</u>
	=====	=====

12 Creditors: amounts falling due after more than one year

	2002	2001
	£	£
Debenture loans	2,308,980	2,308,980
Bank loans	1,298,102	1,331,022
	<u>3,607,082</u>	<u>3,640,002</u>
	=====	=====

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

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

	2002	2001
	£	£
Repayable after five years:		
1% Debenture loans 2011/2012	1,811,250	1,811,250
1% Debenture loan 2015/2016	323,730	323,730
1% Debenture loan 2016/2017	99,000	99,000
1% Other debenture loans	75,000	75,000
	<u>2,308,980</u>	<u>2,308,980</u>
	=====	=====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2002

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

Bank loans:

Repayable by instalments within one year	127,740	91,154
After one and within two years	164,326	166,153
After two and within five years	492,978	498,462
After five years	640,798	666,407
	<u>1,425,842</u>	<u>1,422,176</u>
	=====	=====

Interest on bank loans is charged at 1.5% over LIBOR on £114,388, fixed at 7.93% on £341,250, capped at 7.5% until September 2004 on £311,538, and capped at 6.92% until September 2006 on £655,000.

13 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 2001	158,394
Payment into fund	13,775
Interest receivable	3,438
	<u>175,607</u>
	=====
At 30 September 2002	

14 Provision for Liabilities and Charges Deferred Tax

	2002	2001
Accelerated capital allowances	386,000	376,000
Other timing differences	(53,000)	(48,000)
	<u>333,000</u>	<u>328,000</u>
	=====	=====
Provision at 1 October 2001	328,000	
Deferred tax charge in the profit and loss account (note 7)	5,000	
	<u>333,000</u>	
	=====	
Provision at 30 September 2002		
Deferred taxation not provided for in the financial statements		
Unrealised capital gains	2,096,000	1,664,000
	=====	=====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2002

15 Accruals and deferred income

	£
Government and other grants	
At 1 October 2001	1,116,229
Received in year	149,783
Amortisation in year	(20,727)
	<hr/>
At 30 September 2002	1,245,285
	=====

16 Called up share capital

	2002 £	2001 £
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
	<hr/>	<hr/>
	37,092	37,092
	=====	=====

Allotted, called up and fully paid Share capital

<u>The University of Warwick</u>			
9,523 voting shares of £1 each	9523		
385 non-voting shares of £1 each	<u>385</u>	9,908	9,908
<u>Coventry City Council</u>			
12,146 voting shares of £1 each	12,146		
480 non-voting shares of £1 each	<u>480</u>	12,626	12,626
<u>Warwickshire County Council</u>			
2,335 voting shares of £1 each	2,335		
40 non-voting shares of £1 each	<u>40</u>	2,375	2,375
<u>West Midlands Enterprise Ltd</u>			
3,088 voting shares of £1 each	<u>3,088</u>	3,088	3,088
		<hr/>	<hr/>
		27,997	27,997
		=====	=====

The voting and non-voting shares are both equity shares and rank pari passu in all respects other than in respect to voting rights.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2002

17 Share premium account and reserves

	Share Premium Account £	Revaluation Reserve (see note 8) £	Profit and Loss Account As restated £
At 1 October 2000 as previously reported	449,064	8,999,097	1,254,528
Prior year adjustment	-	-	(334,000)
At 1 October 2000 as restated	<u>449,064</u>	<u>8,999,097</u>	<u>920,528</u>
Profit for year	-	-	112,835
Surplus on revaluation		1,640,306	
At 1 October 2001 as restated	<u>449,064</u>	<u>10,639,403</u>	<u>1,033,363</u>
Profit for the year	-	-	250,594
Transfer to Profit and Loss Account	-	(925,838)	925,838
At 1 October 2001 as restated	<u>449,064</u> =====	<u>9,713,565</u> =====	<u>2,209,795</u> =====

Prior year adjustment

The prior year adjustment is in respect of a change in accounting policy following the implementation of Financial & Reporting Standard 19, Deferred Tax. The standard requires full provision to be made for deferred tax in respect of all short term timing differences. At 30 September 2000 the potential liability to deferred tax amounted to £334,000.

18 Reconciliation of movements in shareholders' funds

	2002 £	2001 As restated £
Profit for the financial year	250,594	112,835
Surplus on revaluation	1,640,306	
Shareholders' funds at 1 October 2001 as restated	<u>10,509,521</u>	<u>10,396,686</u>
Shareholders' funds at 30 September 2002	<u>12,400,421</u> =====	<u>10,509,521</u> =====

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2002

19 Contingent liabilities

At 30 September 2002 the company had a contingent liability as guarantor of a bank loan of £433,000 (2001:£502,000) taken by the University of Warwick Science Park Innovation Centre Limited (note 9), and a commitment to provide up to £150,000 in working capital to that company. No call had been made on this facility at 30 September 2002.

20 Capital commitments

The company had no capital commitments at 30 September 2002 (2001:£169,242).

21 Leasing commitments

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

	2002 £	2001 £
Date of lease termination:		
Within one year	4,664	-
In second to fifth years inclusive	2,872	15,185
	<hr/>	<hr/>
	7,536	15,185
	=====	=====

22 The Local Government and Housing Act 1989

The Directors are of the opinion that the Company does not, and did not have for the year ending 30 September 2002, any business relationship with any local authority, as defined under Section 69(3) of the Local Government and Housing Act 1989.

23 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 2001. The pension costs were assessed in accordance with the advice of a qualified actuary using the Projected Unit method. The major financial assumptions used were that the long term investment returns would average 6.25% per annum compound, that long term salary increases (both promotional and inflationary) would average 4.25% per annum compound, and that pensions would increase at a minimum rate of 2.25% per annum compound. These results are preliminary but not expected to alter.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2002

The market value of the assets at 5 April 2001 was £52,100,000 and the actuarial valuation of the assets showed them to be sufficient to cover 109% of the benefits which had accrued to members after allowing for expected future increases in earnings. On the advice of the actuary, the University of Warwick has been paying contributions from 1 January 1999 at 14% of earnings, compared with the 15.25% long term rate calculated by the actuary.

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

The last actuarial valuation for which figures were available at the end of the financial year was at 31 March 1999. 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 5.5% per annum, that long term salary increases would be 3.5% per annum and that pensions would increase by 2.5% per annum. The market value of the assets at 31 March 1999 was £18,870 million and the actuarial valuation of the assets showed them to be sufficient to cover 108% of the benefits which had accrued to members after allowing for expected future increases in earnings. The pension contribution charged in the accounts was 14% of pensionable salaries.

The company's contributions are accounted for on a defined contribution basis as allowed by FRS 17 in circumstances where multi employer schemes exist, and the company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis.

24 Related party transactions

The University of Warwick Science Park Foundation is a related party of the company by virtue of common membership. No donation was made to the Foundation.

The University of Warwick Science Park Innovation Centre Limited and University of Warwick Science Park Business Innovation Centre Limited (see Note 9) have management agreements with the company whereby the University of Warwick Science Park Limited manages their properties. During the year management charges totalling £42,515 (2001: £41,660) were received from the University of Warwick Science Park Innovation Centre Limited and £40,820 (2001: £37,370) from the University of Warwick Science Park Business Innovation Centre Limited.

Under the terms of certain leases with Coventry City Council and Coventry Venture Capital Limited (a subsidiary of the West Midlands Enterprise Ltd) rents of £655,840 (2001: £631,549) and £93,930 (2001: £93,930) respectively were collected and accounted for on their behalf. Coventry City Council and West Midlands Enterprise Ltd are related parties of the University of Warwick Science Park Limited by virtue of their shareholdings.

UNIVERSITY OF WARWICK SCIENCE PARK LIMITED

Notes to the financial statements for the year ended 30 September 2002

25 Net cash inflow from operating activities

	2002	2001
	£	£
Operating profit	316,345	145,628
Depreciation	343,138	357,699
(Increase) decrease in debtors and loans	4,127	(320,114)
Increase (decrease) in creditors	(107,857)	227,854
	<hr/>	<hr/>
Net cash inflow from operating activities	555,753	411,067
	=====	=====

26 Reconciliation of net cash flow to movement in net debt

	2002	2001
	£	£
Increase in cash in the year	281,584	82,138
Cash outflow/(inflow) from financing	(3,666)	(588,594)
	<hr/>	<hr/>
Movement in net debt in the year	277,918	(506,456)
Net debt at 1 October 2001	(2,657,204)	(2,150,748)
	<hr/>	<hr/>
Net debt at 30 September 2002	(2,379,286)	(2,657,204)
	=====	=====

27 Analysis of Changes in Net Debt

	<u>At 1 October 2001</u>	<u>Cash Flow</u>	<u>At 30 September 2002</u>
Cash at bank and in hand	1,073,952	281,584	1,355,536
Debt	(3,731,156)	(3,666)	(3,734,822)
	<hr/>	<hr/>	<hr/>
Net debt	(2,657,204)	277,918	(2,379,286)
	=====	=====	=====