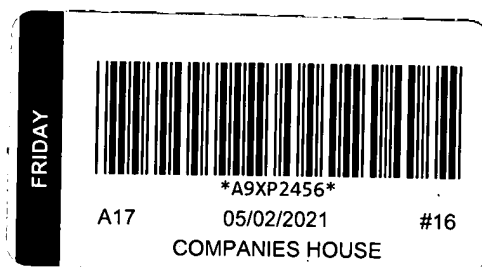


**University of Warwick  
Science Park Business  
Innovation Centre Limited**

Annual report and financial  
statements

Registered number 03616665  
For the year ended 31 July 2020



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## Company information

<b>Directors</b>	P Burns R A Drinkwater J Greenway N C Maris J O'Boyle S C R Swain
<b>Secretary</b>	P J Glover
<b>Auditor</b>	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH
<b>Bankers</b>	Barclays Bank, PO Box 2, 25 High St. Coventry CV1 5QZ
<b>Registered Office</b>	University House The University of Warwick Coventry CV4 8UW
<b>Registered Number</b>	03616665

## Directors' report

The directors present their report and the financial statements for the year ended 31 July 2020.

### Results and Dividend

The loss for the year after taxation amounted to £662,444 (2019 profit: £74,589). No corporation tax is payable, (2019: £nil). The directors do not recommend the payment of a dividend (2019: £nil).

### Principal activities and review of the business

University of Warwick Science Park Business Innovation Centre Limited is a joint venture between the University of Warwick Science Park, Coventry City Council and Coventry Chamber of Commerce created to build an Innovation Centre at Binley Business Park. The Innovation Centre supports the development and growth of tech-based SMEs and start-ups by the provision of a range of hard and soft services to create potentially very innovative businesses with high value added jobs. University of Warwick Science Park Limited manages the building on behalf of the Company and delivers a range of Business Support Services including connecting to networks and clusters, incubation and monitoring and an innovative business readiness support package primarily for start-ups and SMEs with the characteristics and ambition for growth.

### 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 and its liquidity are described in the financial statements and accompanying Notes.

The directors have prepared a medium term financial plan, including cash flow forecasts for a period of 14 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, including changes arising from the Covid-19 pandemic the company will have sufficient funds, to meet its liabilities as they fall due for that period.

The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

### Directors

The directors of the Company during the year, and up to the date of signing of these financial statements, were as follows:

P Burns  
R A Drinkwater  
J Greenway  
N C Maris  
J O'Boyle  
S C R Swain

None of the directors held any beneficial interest in the Company's share capital at 31 July 2020 or at any time during the year then ended.

## **Directors' report** *(continued)*

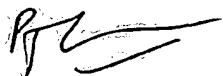
### **Disclosure of information to auditor**

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

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.

By order of the board



**P J Glover**  
*Company Secretary*

University House  
The University of Warwick  
Coventry  
CV4 8UW

20 October 2020

## **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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 judgements 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## KPMG LLP

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
United Kingdom

### **Independent auditor's report to the members of University of Warwick Science Park Business Innovation Centre Limited**

#### **Opinion**

We have audited the financial statements of University of Warwick Science Park Business Innovation Centre Limited ("the company") for the year ended 31 July 2020 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its loss for the year then ended;
- have been
- properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **Emphasis of matter – investment property valuation**

We draw attention to note 16 to the financial statements concerning the valuation of the company's investment property. The valuer's report at 31 July 2020 included a 'Material Valuation Uncertainty' clause which reflects the fact that, in the circumstances caused by the Covid-19 pandemic, there is a shortage of market evidence for comparison purposes to inform opinions of value. Our opinion is not modified in respect of this matter.

#### **Going concern**

The directors have prepared the financial statements on the going concern basis, as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

## **Independent auditor's report to the members of University of Warwick Science Park Business Innovation Centre Limited (continued)**

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Directors' report**

The directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



## **Independent auditor's report to the members of University of Warwick Science Park Business Innovation Centre Limited** *(continued)*

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Mark Dawson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

28 January 2021

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 July 2020*

	Note	2020 £	2019 £
<b>Turnover</b>	2	<b>501,444</b>	591,275
Cost of sales		(359,193)	(293,427)
<b>Gross profit</b>		<b>142,251</b>	297,848
Administrative expenses		(105,925)	(84,637)
Other operating income		4,869	-
<b>Operating profit</b>	3	<b>41,195</b>	213,211
Other interest receivable and similar income	5	668	685
Interest payable and similar charges	6	(149,307)	(149,307)
Revaluation of investment property		(555,000)	10,000
<b>(Loss) / Profit on ordinary activities before taxation</b>		<b>(662,444)</b>	74,589
Taxation	7	-	-
<b>(Loss) / Profit for the financial year</b>		<b>(662,444)</b>	74,589

**Other Comprehensive Income**

There were no recognised gains or losses other than the loss of £662,444 in the year ended 31 July 2020 (2019 profit: £74,589).

All amounts relate to continuing activities.

The notes on pages 12 to 21 form part of the financial statements.

## Balance Sheet at 31 July 2020

	Note	£	2020	£	£	2019	£
<b>Fixed assets</b>							
Tangible assets	8		-			-	
Investment property	9		2,445,000			3,000,000	
			<u>2,445,000</u>			<u>3,000,000</u>	
<b>Current assets</b>							
Debtors	10	19,072			21,370		
Cash at bank and in hand		262,829			265,925		
		<u>281,901</u>			<u>287,295</u>		
<b>Creditors: amounts falling due within one year</b>	11	(191,105)			(203,362)		
<b>Net current assets</b>			<u>90,796</u>			<u>83,933</u>	
<b>Total assets less current liabilities</b>			<u>2,535,796</u>			<u>3,083,933</u>	
<b>Creditors: amounts falling due after more than one year</b>	12	(3,637,499)			(3,523,192)		
<b>Net liabilities</b>			<u>(1,101,703)</u>			<u>(439,259)</u>	
<b>Capital and reserves</b>							
Called up share capital	13	10,001			10,001		
Profit and loss account		(1,111,704)			(449,260)		
<b>Shareholders' funds</b>			<u>(1,101,703)</u>			<u>(439,259)</u>	

The notes on pages 12 to 21 form part of the financial statements.

These financial statements were approved by the board of directors on 20 October 2020 and were signed on its behalf by:

*R A Drinkwater*

**R A Drinkwater**  
Director

Company registered number: 03616665

## Statement of Changes in Equity

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 August 2018	10,001	(523,849)	(513,848)
<b>Total comprehensive income for the year</b>			
Profit for the year	-	74,589	74,589
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2019	10,001	(449,260)	(439,259)
	<hr/>	<hr/>	<hr/>
Balance at 1 August 2019	10,001	(449,260)	(439,259)
<b>Total comprehensive income for the year</b>			
Loss for the year	-	(662,444)	(662,444)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 July 2020</b>	<b>10,001</b>	<b>(1,111,704)</b>	<b>(1,101,703)</b>
	<hr/>	<hr/>	<hr/>

**Cash flow statement**  
*for the year ended 31 July 2020*

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
(Loss) / profit for the year	(662,444)	74,589
Adjustments for:		
Decrease / (increase) in value of investment property	555,000	(10,000)
Interest receivable and similar income	(668)	(685)
Interest payable and similar charges	149,307	149,307
Decrease in trade and other debtors	2,299	15,347
Decrease in trade and other creditors	(2,258)	(8,366)
<b>Net cash from operating activities</b>	<b>41,236</b>	<b>220,192</b>
<b>Cash flows from investment activities</b>		
Interest received	668	685
<b>Net cash from investing activities</b>	<b>668</b>	<b>685</b>
<b>Cash flows from financing activities</b>		
Debenture interest paid	(45,000)	(150,000)
<b>Net cash from financing activities</b>	<b>(45,000)</b>	<b>(150,000)</b>
Net (decrease) / increase in cash and cash equivalents	(3,096)	70,877
Cash and cash equivalents at 1 August	265,925	195,048
<b>Cash and cash equivalents at 31 July</b>	<b>262,829</b>	<b>265,925</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting Policies

University of Warwick Science Park Business Innovation Centre Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 03616665 and the registered address is University House, the University of Warwick, Coventry, CV4 8UW.

These financial statements were prepared in accordance with applicable United Kingdom accounting standards including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014, and with the Companies Act 2006. The amendments to FRS 102 issued in March 2018 have been applied. The presentation currency of these financial statements is sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 16.

#### 1.1 Measurement convention

The Financial Statements have been prepared under the historical cost convention, modified to include certain items at fair value in accordance with the applicable standard FRS 102.

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The directors have prepared a medium term financial plan, including cash flow forecasts for a period of 14 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, including changes arising from the Covid-19 pandemic, the company will have sufficient funds to meet its liabilities as they fall due for that period.

The directors therefore continue to adopt the going concern basis in preparing the financial statements.

#### 1.3 Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue represents amounts receivable for rents, management charges and service charges receivable net of trade discounts, VAT and other sales-related taxes. Revenue is recognised in line with the terms of lease agreement for rent, management charges and service charges. Any lease incentives are spread over the term of the lease. All other income is recognised as and when the service is performed irrespective of the date of receipt or payment.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Foreign currency

The presentation currency of these financial statements is sterling.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### 1.5 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

##### *Investments in equity instruments*

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

#### 1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows

Fixtures and fittings	5 years
Computer equipment	3 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### 1.7 Government grants

The Company accounts for government grants relating to revenue and government grants relating to assets under the accrual model. Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

#### 1.8 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

##### *Subsequent to initial recognition*

- i. investment properties are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- ii. no depreciation is provided in respect of investment properties applying the fair value model.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### **1.9 Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### **1.10 Operating leases**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### **1.11 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.



## Notes (continued)

### 2 Turnover

Turnover, which is stated net of value added tax, represents the provision of goods and services which fall within the Company's ordinary activities.

### 3 Expenses and auditor's remuneration

*Included in the profit and loss account are the following:*

	2020 £	2019 £
Depreciation (see note 8)	-	-
Operating lease rentals:		
Other Assets	1,930	1,763
	<u>1,930</u>	<u>1,763</u>

*Auditor's remuneration:*

	2020 £	2019 £
Audit of these financial statements	3,588	3,500
Other services (see UWSP)		
	<u>3,588</u>	<u>3,500</u>

### 4 Employee information

The Company had no employees in either year.

The directors did not receive any emoluments for their services to the Company during the period. Management and administration was carried out by University of Warwick Science Park Limited which has an agreement with the Company to manage its building, management and administration.

Directors' and officers' liability insurance amounting to £1,603 (2019: £1,485) has been paid 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.

### 5 Interest receivable and similar income

	2020 £	2019 £
Bank interest receivable	668	685
	<u>668</u>	<u>685</u>

## Notes (continued)

### 6 Interest payable and similar charges

	2020 £	2019 £
Debenture loans	<u>149,307</u>	<u>149,307</u>

### 7 Taxation

#### Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2020 £	2019 £
Current tax		
Current tax on income for the period	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

#### Reconciliation of effective tax rate

	2020 £	2019 £
(Loss) / Profit for the year	<u>(662,444)</u>	<u>74,589</u>
Tax using the UK corporation tax rate of 19% (2019: 19%)	<u>(125,864)</u>	<u>14,172</u>
Expenses not deductible for tax purposes	162	158
Capital allowances in excess of depreciation	(1,930)	(2,524)
Investment property revaluation loss / (gain)	105,450	(1,900)
Contribution to / (utilisation of) tax losses	18,412	(8,836)
Origination and reversal of timing differences	3,770	(1,070)
	<u>-</u>	<u>-</u>
Total tax expense included in the profit and loss account	<u>-</u>	<u>-</u>

#### Deferred tax not provided for in the financial statements

	2020 £	2019 £
Unused tax losses	83,318	58,077
Short-term temporary differences	11,611	7,015
	<u>94,929</u>	<u>65,092</u>
Total deferred tax	<u>94,929</u>	<u>65,092</u>

A deferred tax asset has not been recognised as there is insufficient evidence that this will be recoverable in the near future.

## Notes (continued)

### 8 Tangible fixed assets

	Fixtures and fittings £
<b>Cost</b>	
At beginning and end of year	7,720
	<u>7,720</u>
<b>Depreciation</b>	
At beginning and end of year	7,720
	<u>7,720</u>
<b>Net book value</b>	
At 31 July 2020 and 31 July 2019	-
	<u>-</u>

### 9 Investment property

	Long leasehold Land £	Buildings £	Total £
Balance at beginning of year	807,500	2,192,500	3,000,000
Net loss from fair value adjustments	(42,500)	(512,500)	(555,000)
	<u>765,000</u>	<u>1,680,000</u>	<u>2,445,000</u>
<b>At end of year</b>	<b>765,000</b>	<b>1,680,000</b>	<b>2,445,000</b>
	<u>765,000</u>	<u>1,680,000</u>	<u>2,445,000</u>
<b>Historical cost net book value</b>			
At 31 July 2020			3,363,596
			<u>3,363,596</u>
At 31 July 2019			3,363,596
			<u>3,363,596</u>

£2,445,000 (2019: £3,000,000) of investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued.

The valuations, which are supported by market evidence, are prepared by considering the aggregate of the net annual rents receivable from the property and where relevant, associated costs. An equivalent yield of 11.50% which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in the Revenue recognition accounting policy.

## Notes (continued)

### 10 Debtors

	2020 £	2019 £
Trade debtors	10,548	4,994
Amount due from the University of Warwick Science Park Limited	3,959	2,182
Prepayments and accrued income	4,564	14,194
	<u>19,071</u>	<u>21,370</u>

Trade debtors are stated after provisions for impairment of £1,124 (2019: £nil).

The balance owed by University of Warwick Science Park Limited is repayable on demand and interest is not chargeable.

### 11 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	197	40,151
Social security and other taxes	13,363	5,175
Amounts owed to the University of Warwick Science Park Limited	9,072	11,523
Debenture interest payable	75,000	85,000
Accruals and receipts in advance	93,473	61,513
	<u>191,105</u>	<u>203,362</u>

The balance owed to University of Warwick Science Park Limited is repayable on demand and is non-interest bearing.

### 12 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Debenture loans	2,132,956	2,132,956
Government and other grants	966,328	966,328
Preference shares	152,166	152,166
Debenture interest payable	386,049	271,742
Other creditors	-	-
	<u>3,637,499</u>	<u>3,523,192</u>

The debenture loans incur an interest rate of 7% and are repayable 2049-53. They are secured on all of the Company's assets, both present and future. The debentures are held by University of Warwick Science Park Limited, Coventry City Council and the Coventry and Warwickshire Chamber of Commerce. They are repayable in five equal annual instalments of £426,591 starting 31 December 2049.

The A preference shares entitle holders in priority to the holders of the ordinary shares to a fixed non-cumulative preferential dividend at the rate of 1% per annum from 31 August 1999.

## Notes (continued)

### 13 Capital and reserves

#### Share capital

	2020 £	2019 £
<b>Authorised:</b>		
<i>Ordinary share capital</i>		
2,000 A Ordinary £1 shares	2,000	2,000
4,501 B Ordinary £1 shares	4,501	4,501
3,500 C Ordinary £1 shares	3,500	3,500
	<u>10,001</u>	<u>10,001</u>
 <i>Preference share capital</i>		
152,166 A preference £1 shares	<u>152,166</u>	<u>152,166</u>
 <b>Issued, called up and fully paid</b>		
<i>Ordinary share capital</i>		
Coventry City Council 2,000 A ordinary £1 shares	2,000	2,000
University of Warwick Science Park Limited 4,501 B ordinary £1 shares	4,501	4,501
Coventry & Warwickshire Chamber of Commerce 3,500 C ordinary £1 shares	3,500	3,500
	<u>10,001</u>	<u>10,001</u>
 <i>Preference share capital</i>		
Coventry City Council 152,166 A preference £1 shares	<u>152,166</u>	<u>152,166</u>

The A preference shares are disclosed as creditors falling due after more than one year in accordance with FRS 102.

#### A Ordinary Shares, B Ordinary Shares and C Ordinary Shares

1. all classes of ordinary shares will rank *pari passu* in all respects
2. will entitle holders to a dividend provided:
  - a) there are sufficient distributable profits to allow such payments; and
  - b) Such payment would not reduce the Company's distributable reserves to less than £25,000 adjusted by the change in RPI since January 2000. At July 2020, the index had increased by 69% increasing the threshold to £42,242.

#### Preference Shares

1. Entitle holders, in priority to the holders of ordinary shares, to a fixed non-cumulative preferential dividend at the rate of 1% per annum commencing 31 August 1999, provided such payment would not reduce the Company's distributable reserves to less than £25,000 as adjusted by the change in RPI since January 2000.
2. On a return of capital on a winding up, or otherwise, will carry the right to repayment of capital of £1 per share ranking before the A, B and C Ordinary Shares;
3. May be redeemed in tranches of not less than £7,150 in any year upon the Company giving written notice to the holders of such shares, but in any case Preference Shares to the value of £30,433 will be redeemed each year between 2049 and 2053;
4. Carry no entitlement to notice of general meetings or rights to vote or participate in further profits.

## Notes (continued)

### 14 Operating leases

At 31 July, the Company had commitments to future minimum lease receipts under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2020	2019	2020	2019
	£	£	£	£
Receivable within one year	232,890	292,778	-	-
In one to five years	95,366	36,754	-	-
	<u>328,256</u>	<u>329,532</u>	<u>-</u>	<u>-</u>

At 31 July, the Company had commitments to future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2020	2019	2020	2019
	£	£	£	£
Payable within one year	-	-	2,051	1,761
In one to five years	-	-	477	1,593
	<u>-</u>	<u>-</u>	<u>2,528</u>	<u>3,354</u>

### 15 Related party disclosures

University of Warwick Science Park Limited has a management agreement with the Company whereby it manages the Company's property.

	Purchases		Sales	
	2020	2019	2020	2019
	£	£	£	£
University of Warwick Science Park Limited				
Management fees	98,359	77,614	-	-
Goods and services	52,686	53,156	45,827	57,410
	<u>151,045</u>	<u>130,770</u>	<u>45,827</u>	<u>57,410</u>
	Creditors		Debtors	
	2020	2019	2020	2019
	£	£	£	£
University of Warwick Science Park Limited	10,776	13,857	3,853	2,182

## Notes (continued)

### 16 Accounting estimates and judgements

#### Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### Impairment of debtors

The Company makes an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 10 for the net carrying amount of the debtors and associated impairment provision.

#### Investment property valuation

As stated in note 9, the investment property fair value is based on a valuation at the balance sheet date by an external, independent valuer. The valuer included a 'Material Valuation Uncertainty' clause in the 31 July 2020 valuation in line with the valuation practice notice issued by the Royal Institute of Chartered Surveyors (RICS) in March 2020. This does not indicate that the valuation cannot be relied on, but reflects the fact that, in the current extraordinary circumstances caused by the Novel Coronavirus Global Pandemic, there is a shortage of market evidence for comparison purposes to inform opinions of value. As such, less certainty and a higher degree of caution can be attached to the valuation than would otherwise be the case.

By way of sensitivity analysis, the table below illustrates the impact on the financial statements of a 5% movement in the valuation:

	Investment Property	(Loss) / profit for the financial year	Profit and loss reserves	Net liabilities / shareholders' funds
	£	£	£	£
As reported	2,445,000	(662,444)	(1,111,704)	(1,101,703)
5% increase	2,567,250	(540,194)	(989,454)	(979,453)
5% decrease	2,322,750	(784,694)	(1,233,954)	(1,223,953)

#### Critical accounting judgements in applying the Company's accounting policies

There are no such judgements in either the current or prior year.