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LIVERPOOL SCIENCE PARK LIMITED

ANNUAL REPORT

PERIOD ENDED 31 MARCH 2007

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LIVERPOOL SCIENCE PARK LIMITED

ANNUAL REPORT

Contents

	Pages
Company information	1
Director's Report	2-3
Statement of Director's Responsibilities	4
Report of the Auditors	5-6
Profit and loss account	7
Balance Sheet	8
Notes to the Financial Statements	9-14

LIVERPOOL SCIENCE PARK LIMITED

Company Information

Registered Office

Egerton Court
2 Rodney Street
Liverpool, L3 5UX

Registration Number

4798049

Directors

M A Brown	
G Kelleher	
R D J Oglethorpe	
C L H Parker	resigned 2007
D L Prior	
J R Saunders	resigned 2007
F Clucas	appointed 2007

Company Secretary

D Stewart

Auditors

KPMG LLP
St James' Square
Manchester, M2 6DS

Bankers

Barclays Bank plc
7th Floor
1 Marsden Street
Manchester, M2 1HW

Legal Advisors

Addleshaw Goddard
100 Barbirolli Square
Manchester, M2 3AB

LIVERPOOL SCIENCE PARK LIMITED

Director's Report for the 8 month period ended 31 March 2007

The Council of Management submit their report together with the Financial Statements for the 8 month period ended 31 March 2007

1 Constitution and Principal Activities

Liverpool Science Park Limited is a company limited by guarantee and has no share capital. The Members of the company are Liverpool John Moores University, the University of Liverpool, and Liverpool City Council. Members have guaranteed the liabilities of the company to the extent of £1 each. The members interests are Liverpool City Council 51%, Liverpool John Moores University and the University of Liverpool 24.5%

The principal objectives of the company are

- to promote, deliver, sponsor, co-ordinate and, where appropriate, fund the establishment and continued operation and management of science parks incorporating, without limit, incubator companies developed from or in connection with local higher education institutions
- to encourage and support the development of new and growing businesses in the fields of science and knowledge based technologies

The company is regulated by its Memorandum and Articles of Association, which, inter alia, provide that it be governed by a board of Directors, comprising a minimum of 3 directors

2 Review of activities for the year

The Innovation Centre was open for operations for the full 8 month period to 31st March 2007, and continues the process of identifying Research and Development based Small and Medium sized Enterprises who required the support of the Liverpool Science Park to deliver their business plans

Demand for the offer, specialist fit for purpose facilities and business support infrastructure, provided by the Liverpool Science Park Innovation Centre has been apparent during the reporting period. A number of significant milestones have been achieved and the early successes of the Innovation Centre, most notably evidenced by escalating levels of occupation, have provided an encouraging start for this exciting project

The result for the 8 month period was a deficit of £7,707 (2006 £3,976 deficit).

3 Directors

None of the directors was a member of the company during the 8 month period ended 31 March 2007. No director had any material interest in any contract with the company during either year.

4 Taxation Status

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988 as amended by the Finance Act 1989

LIVERPOOL SCIENCE PARK LIMITED

Director's Report for the 8 month period ended 31 March 2007 (continued)

5 Auditors

A resolution to re-appoint KPMG LLP, as auditors to the company, will be proposed at the forthcoming Annual General Meeting

By order of the Board

A handwritten signature in black ink, appearing to read 'D. Stewart', written in a cursive style.

**D Stewart
Company Secretary**

LIVERPOOL SCIENCE PARK LIMITED

Statement of Directors' Responsibilities

The Directors are required by UK Company Law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year

The Directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the Financial Statements for the 8 month period ended 31 March 2007. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis

The Directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

By Order of the Board

R D J Oglethorpe
Director

Richard Oglethorpe



LIVERPOOL SCIENCE PARK LIMITED

Report of the Auditors to the Members of Liverpool Science Park Limited

We have audited the Financial Statements on pages 7 to 14, which have been prepared under the historical cost convention and the accounting policies set out on page 9

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the Financial Statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 the directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements.

Basis of audit 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 misstatements, 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.

LIVERPOOL SCIENCE PARK LIMITED

Report of the Auditors to the
Members of Liverpool Science Park Limited (continued)

Opinion

In our opinion the Financial Statements give a true and fair view of the state of the company's affairs as at 31 March 2007 and of its deficit for the 8 month period then ended and have been properly prepared in accordance with the Companies Act 1985

KPMG LLP

KPMG LLP
Chartered Accountants and Registered Auditor
Manchester

31st January 2008

LIVERPOOL SCIENCE PARK LIMITED

Profit and Loss Account for the 8 month period ended 31 March 2007

	Notes	2007 £	2006 £
Turnover			
Grants income		565,935	778,915
Rental income		119,535	51,751
Other income	2	162,084	214,209
Total Turnover		847,554	1,044,875
Staff costs	3	(98,898)	(66,828)
Other operating expenses		(582,810)	(727,462)
Depreciation		(142,896)	(208,375)
Operating profit		22,950	42,210
Interest payable	4	(30,657)	(46,186)
Loss on ordinary activities before taxation	5	(7,707)	(3,976)
Taxation		-	-
Loss for the year transferred to reserves	12	(7,707)	(3,976)
Reserves brought forward		(6,851)	(2,875)
Reserves carried forward		(14,558)	(6,851)

All operations are continuing The company was incorporated on the 13th June 2003

The Company has no recognised losses other than the results shown above and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the result on ordinary activities before taxation and the retained result for the year stated above, and their historical cost equivalents

The notes on pages 9 to 14 form an integral part of these financial statements.

LIVERPOOL SCIENCE PARK LIMITED

Balance Sheet at 31 March 2007

	Notes	2007 £	2006 £
Fixed Assets			
Tangible assets	7	7,152,050	7,325,783
Current Assets			
Debtors	8	977,006	1,017,202
Cash at bank and in hand		56,889	206,826
		1,033,895	1,224,028
Creditors: Amounts falling due within one year	9	1,049,042	1,288,996
Net current liabilities		(15,147)	(64,968)
Total assets less current liabilities		7,136,903	7,260,815
Creditors: Amounts falling due after more than one year	10	7,151,461	7,267,666
Net liabilities		(14,558)	(6,851)
Represented by:			
Reserves			
Income and expenditure account	12	(14,558)	(6,851)
Total		(14,558)	(6,851)

The notes on pages 9 to 14 form an integral part of these financial statements.

The financial statements on pages 6 to 14 were approved by Council on 29TH January 2008 and were signed on its behalf by:



M. A. Brown
Director

LIVERPOOL SCIENCE PARK LIMITED

Notes to the Financial Statements for the 8 month period ended 31 March 2007

1 Principal Accounting Policies

The Financial Statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of Accounting

The Financial Statements have been prepared in accordance with applicable accounting standards in the United Kingdom, and under the historical cost convention.

Turnover

Turnover comprises grant income receivable for the accounting period excluding Value Added Tax, in connection with the operating costs of the company, rental income from tenants in the Liverpool Science Park, and conference income. All income arises wholly in the UK.

Grants receivable in respect of the acquisition and construction of the Liverpool Science Park are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Fixed assets

Land and buildings

Land and buildings in the course of construction are valued at cost. Buildings are depreciated over their expected useful lives of 40 years. Assets in the course of construction are not depreciated. Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings.

Equipment

Equipment, including computers and software, is capitalised at cost and depreciated over 4 years.

Government Grants

Grants for capital expenditure are credited to a deferred income account and are released to revenue over the expected life of the asset by equal amounts.

2. Other Income

	2007 £	2006 £
Conferences	17,700	7,322
Release from deferred capital grant	144,384	206,887
	162,084	214,209

LIVERPOOL SCIENCE PARK LIMITED

Notes to the Financial Statements for the 8 month period ended 31 March 2007

3. Staff costs

	2007 £	2006 £
Salaries and wages	90,798	60,766
Social security costs	8,100	6,062
	98,898	66,828

The average number of persons employed by the company during the year was

	2007 £	2006 £
Administrative staff	5	4

4. Interest Payable

	2007 £	2006 £
Interest on loan from Liverpool John Moores University	30,657	46,186

5. Operating profit

	2007 £	2006 £
Operating profit is stated after charging		
Auditors remuneration for audit services	1,985	2,850
Auditors remuneration for non audit services	5,907	721
Operator costs	276,012	467,478
Legal fees	12,560	18,153

LIVERPOOL SCIENCE PARK LIMITED

Notes to the Financial Statements for the 8 month period ended 31 March 2007

6 Directors

None of the directors have received any emoluments during the period for services to the company

During the period there were no out of pocket expenses reimbursed to the directors

7. Fixed Assets

	Land and Buildings	Equipment	Total
	£	£	£
Cost or valuation			
At 1 August 2006	7,394,622	139,536	7,534,158
Additions	4,795	49,810	54,605
Disposals	(85,442)	-	(85,442)
At 31 March 2007	7,313,975	189,346	7,503,321
Depreciation			
At 1 August 2006	173,491	34,884	208,375
Charge for the period	111,338	31,558	142,896
At 31 March 2007	284,829	66,442	351,271
Net Book Value			
At 31 March 2007	7,029,146	122,904	7,152,050
At 31 July 2006	7,221,131	104,652	7,325,783

LIVERPOOL SCIENCE PARK LIMITED

Notes to the Financial Statements for the 8 month period ended 31 March 2007

8. Debtors

	2007 £	2006 £
Amounts Falling Due Within One Year		
Trade debtors	73,856	68,315
Prepayments	9,150	5,644
Grant income	877,410	905,178
Other debtors	16,590	38,065
	977,006	1,017,202

9 Creditors: Amount falling due within one year

	2007 £	2006 £
Trade Creditors	35,496	23,744
Loan from Liverpool John Moores University	804,162	968,111
Accruals and deferred income	209,383	297,141
	1,049,041	1,288,996

Accruals and deferred income include £NIL government grants to be amortised over the useful economic life of the underlying asset

10 Creditors: Amount falling due after one year

	2007 £	2006 £
Deferred capital grants (note 11)	7,151,460	7,267,666
	7,151,460	7,267,666

LIVERPOOL SCIENCE PARK LIMITED

Notes to the Financial Statements for the 8 month period ended 31 March 2007

11. Deferred capital grants

	2007 £	2006 £
At 1 August		
Buildings	7,163,102	6,087,460
Equipment	104,564	-
	7,267,666	2,992,096
Income		
Buildings	4,795	1,247,645
Adjustment relating to prior year retentions	(26,425)	-
Equipment	49,808	139,448
	28,178	1,387,093
Total		
Released to income and expenditure		
Buildings	112,826	172,003
Equipment	31,558	34,884
	144,384	206,887
Total		
At 31 July		
Buildings	7,028,646	7,163,102
Equipment	122,814	104,564
	7,151,460	7,267,666
Total		

LIVERPOOL SCIENCE PARK LIMITED

Notes to the Financial Statements for the 8 month period ended 31 March 2007

12 Reserves

	2007 £	2006 £
At beginning of year	(6,851)	(2,875)
Results for the period	(7,707)	(3,976)
At close of year	(14,558)	(6,851)

13 Loss on ordinary activities

	2007 £	2006 £
Loss on ordinary activities before taxation		
Release of deferred government grants (note 11)	144,384	206,887

14 Members Interests

The Members have the following voting rights

	%
Liverpool John Moores University	24.5
University of Liverpool	24.5
Liverpool City Council	51.0
	100.00

15 Cash Flow Statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a Cashflow Statement on the grounds of its size

16 Related party disclosures

There were no transactions during the period between the company and the directors or their close families, or with any entities controlled by them