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LIVERPOOL SCIENCE PARK LIMITED

ANNUAL REPORT

YEAR 31 MARCH 2009

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LIVERPOOL SCIENCE PARK LIMITED

ANNUAL REPORT

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LIVERPOOL SCIENCE PARK LIMITED

Company information

Registered Office

Egerton Court
2 Rodney Street
Liverpool, L3 5UX

Registration Number

4798049

Directors

M A Brown
H F Clucas
R D J Oglethorpe
D L Prior
J R Saunders
D Stewart

Company Secretary

B L McGuinness

Auditors

KPMG LLP
St James' Square
Manchester, M2 6DS

Bankers

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

Legal Advisors

None retained formally

LIVERPOOL SCIENCE PARK LIMITED

Director's Report for the year ended 31 March 2009

The Council of Management submit their report together with the Financial Statements for the year ended 31 March 2009.

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, development and management of Liverpool Science Park incorporating, without limit, knowledge based SMEs developed from or in connection with local higher education institutions or from elsewhere in the Knowledge Economy
- 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 result for the year was a deficit of £99,520 (2008 £181,334 deficit).

During the period covered by this report the levels of occupancy at Liverpool Science Park ic1 continued to rise; generally in line with the projections included in the business plan. By the end of the year occupancy had reached circa 85% which is considered full to permit operational flexibility. Target occupancy was achieved on time.

However, the poor covenant strength of a number of tenant companies combined with an adverse economic climate results in the current position remaining fragile. Company failures and contraction remain part of the landscape within which Liverpool Science Park continues to operate. Nevertheless, occupancy remains high as a consequence of optimised operational and business development planning and execution.

The year to March 2009 also saw the completion of Liverpool Science Park ic2, a new 40,000 sq ft facility to accommodate companies expanding from ic1; and for inward investors. The business plan for ic2 anticipates full occupancy being achieved within three years of opening.

Plans for Liverpool Science Park's third facility are being developed in order to maintain business critical operational momentum and in anticipation of full occupancy at ic2 being coordinated with the opening of ic3.

3. Directors

None of the directors was a member of the company during the year ended 31 March 2009. 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 year ended 31 March 2009
(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 'M A Brown', is written over a horizontal line.

M A Brown
Director

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 year ended 31 March 2009. 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

A handwritten signature in black ink, appearing to read 'M A Brown', is written over a horizontal line.

M A Brown
Director

LIVERPOOL SCIENCE PARK LIMITED

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

We have audited the financial statements of Liverpool Science Park Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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 financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP

Chartered Accountants

Registered Auditor

Manchester

19th November 2009

LIVERPOOL SCIENCE PARK LIMITED

Profit and Loss Account for the year ended 31 March 2009

	Notes	2009 £	2008 £
Turnover			
Grants income		326,825	404,348
Rental income		505,257	317,775
Other income	2	251,800	261,375
Total Turnover		1,083,882	983,498
Staff costs	3	(172,489)	(129,079)
Other operating expenses		(739,676)	(769,485)
Depreciation		(236,982)	(226,280)
Operating loss		(65,265)	(141,346)
Interest payable	4	(34,254)	(39,988)
Loss on ordinary activities before taxation	5	(99,519)	(181,334)
Taxation		-	-
Loss for the year transferred to reserves	12	(99,519)	(181,334)
Reserves brought forward		(195,892)	(14,558)
Reserves carried forward		(295,411)	(195,892)

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 2009

	Notes	2009 £	2008 £
Fixed Assets			
Tangible assets	7	14,734,544	9,832,514
Current Assets			
Debtors	8	327,239	1,216,635
Cash at bank and in hand		82,943	516,582
		410,182	1,733,217
Creditors: Amounts falling due within one year	9	772,648	1,929,698
Net current liabilities		(362,466)	(196,481)
Total assets less current liabilities		14,372,078	9,636,033
Creditors: Amounts falling due after more than one year	10	14,667,489	9,831,924
Net liabilities		(295,411)	(195,891)
Represented by:			
Reserves			
Income and expenditure account	12	(295,411)	(195,891)
Total		(295,411)	(195,891)

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 18th November 2009 and were signed on its behalf by:



M. A. Brown
Director

LIVERPOOL SCIENCE PARK LIMITED

Notes to the Financial Statements for the year ended 31 March 2009

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

	2009 £	2008 £
Conferences	14,818	35,095
Release from deferred capital grant	236,982	226,280
	251,800	261,375

LIVERPOOL SCIENCE PARK LIMITED

Notes to the Financial Statements for the year ended 31 March 2009

3. Staff costs

	2009 £	2008 £
Salaries and wages	130,644	118,198
Social security costs	41,845	10,881
	172,489	129,079

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

	2009 £	2008 £
Administrative staff	6	5

4. Interest Payable

	2009 £	2008 £
Interest on loan from Liverpool John Moores University	34,254	39,988

5. Operating loss

	2009 £	2008 £
Operating profit is stated after charging:		
Auditors remuneration for audit services	4,639	2,700
Auditors remuneration for non audit services	794	1,169
Operator costs	248,774	362,061
Legal fees	2,950	8,760

LIVERPOOL SCIENCE PARK LIMITED

Notes to the Financial Statements for the year ended 31 March 2009

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 April 2008	10,190,795	219,270	10,410,065
Additions	5,078,944	60,068	5,139,012
Disposals	-	-	-
At 31 March 2009	15,269,739	279,338	15,549,077
Depreciation			
At 1 April 2008	456,291	121,260	577,551
Charge for the period	165,758	71,224	236,982
At 31 March 2009	622,049	192,484	814,533
Net Book Value			
At 31 March 2009	14,647,690	86,854	14,734,544
At 31 March 2008	9,734,503	98,011	9,832,514

LIVERPOOL SCIENCE PARK LIMITED

Notes to the Financial Statements for the year ended 31 March 2009

8. Debtors

	2009 £	2008 £
Amounts Falling Due Within One Year		
Trade debtors	98,577	35,704
Prepayments	24,704	12,586
Grant income	191,394	1,100,892
Other debtors	12,564	67,453
	327,239	1,216,635

9. Creditors: Amount falling due within one year

	2009 £	2008 £
Trade Creditors	99,446	383,851
Loans from Liverpool J M University and Liverpool City Council	614,911	480,757
Accruals and deferred income	58,291	1,065,090
	772,648	1,929,698

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

	2009 £	2008 £
Deferred capital grants (note 11)	14,667,489	9,831,924
	14,667,489	9,831,924

LIVERPOOL SCIENCE PARK LIMITED

Notes to the Financial Statements for the year ended 31 March 2009

11. Deferred capital grants

	2009 £	2008 £
At 1 April		
Buildings	9,734,002	7,028,646
Equipment	97,922	122,814
	9,831,924	7,151,460
Income		
Buildings	5,072,547	2,876,819
Adjustment relating to prior year retentions	-	-
Equipment	-	29,925
	5,072,547	2,906,744
Total		
Released to income and expenditure		
Buildings	165,758	171,462
Equipment	71,224	54,818
	236,982	226,280
Total		
At 31 March		
Buildings	14,640,792	9,734,003
Equipment	26,697	97,921
	14,667,489	9,831,924
Total		

LIVERPOOL SCIENCE PARK LIMITED

Notes to the Financial Statements for the year ended 31 March 2009

12. Reserves

	2009 £	2008 £
At beginning of year	(195,892)	(14,558)
Results for the period	(99,519)	(181,334)
At close of year	(295,411)	(195,892)

13. Loss on ordinary activities

	2009 £	2008 £
Loss on ordinary activities before taxation: Release of deferred government grants (note 11)	236,982	226,280

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.