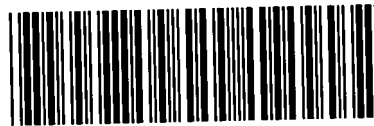


**LIVERPOOL SCIENCE PARK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

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**LIVERPOOL SCIENCE PARK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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**LIVERPOOL SCIENCE PARK LIMITED**

**Company information**

**Registered Office**

131 Mount Pleasant  
Liverpool  
L3 5TF

**Registration Number**

04798049

**Directors**

Prof. Dame J Beer  
Mrs J Bertolini  
Ms S Jackson  
Ms B A Murray (appointed 30/05/2018)  
Ms W A Simon (appointed 30/05/2018)  
Prof. N Weatherill

**Auditors**

RSM Audit UK LLP  
14th Floor, 20 Chapel Street  
Liverpool  
L3 9AG

**Bankers**

Barclays Bank plc  
North West Servicing Team  
PO Box 378, 71 Grey Street  
Newcastle upon Tyne  
NE99 1JP

## **LIVERPOOL SCIENCE PARK LIMITED**

### **Directors' Report for the year ended 31 March 2018**

The Directors submit their report together with the Financial Statements for the year ended 31 March 2018.

#### **1. Constitution and Principal Activities**

Liverpool Science Park Limited (LSP) 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% each.

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.

Liverpool Science Park Development Ltd (LSPD) is a wholly owned subsidiary of Liverpool Science Park Ltd. There was no trading activity during the year.

#### **2. Review of activities for the year**

The result for the year was a profit before tax of £337,866 (2017: £15,476 profit).

LSP welcomed 11 new companies to the park during the year (2017: 14) and consolidated its occupancy levels at 81% by the end of the year (2017: 83%). This took the total number of companies with a lease or with business membership to 76 (2017: 62). The level of average rental received increased in line with other facilities of a similar nature in the city.

LSP also stripped out a number of laboratories to turn into offices to meet demand for offices with larger floorplates, with the first space let at the end of the year. It adopted a two-year refurbishment plan covering bathroom replacement in its first building along with the creation of a roof terrace. It also produced plans for the wholesale re-design of the ground floor of ic1 to encourage further LSP's role as the heart of the commercial knowledge economy in Liverpool. Finally, LSP settled its three-year legal case out of court.

An external valuation of LSP's buildings obtained by management at the beginning of the year reported the value at £9.1m. This was significantly below the carrying value in the accounts of £18.9m. However, the valuation did not take into account the public benefit aspect of the company and only looks at the commercial value of the property using rental yields. The buildings were not deemed to be impaired because they were not designed to generate large profits; their contribution is based on their wider impact on the Knowledge Quarter.

#### **3. Future Developments**

The LSP Board is still working closely with the Knowledge Quarter Board to ensure not only that the various offers to the commercial knowledge economy dovetail, but also to ensure that future developments add value overall. Using the value within LSP's current estate could well be one of the means by which further developments could be funded going forward, possibly with private sector input.

## **LIVERPOOL SCIENCE PARK LIMITED**

### **Director's Report for the year ended 31 March 2018** **(continued)**

#### **4. Principal Risks and Uncertainties**

The fortunes of LSP are intertwined with the economic health of the commercial property market in Liverpool generally and with the demand generated by the development of the innovation district in the Knowledge Quarter.

#### **5. Directors**

None of the directors were a member of the company during the year ended 31 March 2018. No director had any material interest in any contract with the company during either year. The directors who served the company during the year and up to the date of signature were as follows:

Prof. Dame J Beer  
Mrs J Bertolini  
Ms A O'Byrne (appointed 02/06/2017, resigned 30/05/2018)  
Ms S Jackson  
Mr R M Kennedy (resigned 02/06/2017)  
Ms B A Murray (appointed 30/05/2018)  
Ms W A Simon (appointed 30/05/2018)  
Mr N M Small (resigned 30/05/2018)  
Prof. N Weatherill

#### **6. Auditor**

RSM UK Audit LLP acted as auditor to the company during the year and has indicated its willingness to continue in office.

#### **7. Statement as to Disclosure of Information to Auditor**

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

#### **8. Statement of Directors' Responsibilities**

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**LIVERPOOL SCIENCE PARK LIMITED**

**Director's Report for the year ended 31 March 2018**  
**(continued)**

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 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.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On Behalf of the Board



Prof. Nigel Weatherill

Director

Date 24/08/18

## **LIVERPOOL SCIENCE PARK LIMITED**

### **Independent Auditor's Report to the Members of Liverpool Science Park Limited**

#### **Opinion**

We have audited the financial statements of Liverpool Science Park Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

## **LIVERPOOL SCIENCE PARK LIMITED**

### **Independent Auditor's Report to the Members of Liverpool Science Park Limited**

- 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>.** This description forms part of our auditor's report.

#### **Use of our report**

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.

*RSM UK AUDIT LLP*

Ian Taylor FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
14<sup>th</sup> Floor, 20 Chapel Street  
Liverpool  
L3 9AG

Date *4 SEPTEMBER 2018*



**LIVERPOOL SCIENCE PARK LIMITED**

**Statement of Comprehensive Income for the year ended 31 March 2018**

	Notes	2018 £	2017 £
<b>Turnover</b>			
Rental income		1,813,779	1,752,049
Other income (including exceptional item of £280,000 (2017 – £nil))	2	791,891	508,166
<b>Total Turnover</b>		<b>2,605,670</b>	<b>2,260,215</b>
<b>Gross Profit</b>		<b>2,605,670</b>	<b>2,260,215</b>
Staff costs	3	(395,341)	(421,595)
Other operating expenses		(1,112,586)	(1,061,930)
Earnings before interest, taxation, depreciation and amortisation		1,097,743	776,690
Depreciation and amortisation		(619,980)	(618,438)
<b>Operating profit</b>	4	<b>477,763</b>	<b>158,252</b>
Interest receivable		57	861
Interest payable	5	(139,954)	(143,637)
<b>Profit on ordinary activities before taxation</b>		<b>337,866</b>	<b>15,476</b>
Taxation	7	(63,251)	(75)
<b>Profit for the financial year</b>	17	<b>274,615</b>	<b>15,401</b>
<b>Total comprehensive income</b>	17	<b>274,615</b>	<b>15,401</b>

All operations are continuing.

**LIVERPOOL SCIENCE PARK LIMITED****Statement of Financial Position at 31 March 2018**

	Notes	2018 £	2017 £
<b>Fixed Assets</b>			
Intangible assets	8	4,180	7,793
Tangible assets	9	19,001,856	19,575,721
Investments	10	1	1
		19,006,037	19,583,515
<b>Current Assets</b>			
Debtors	11	338,537	114,011
Cash at bank and in hand		-	46,528
		338,537	160,539
<b>Creditors: Amounts falling due within one year</b>	12	(522,266)	(732,284)
<b>Net current liabilities</b>		(183,729)	(571,745)
<b>Total assets less current liabilities</b>		18,822,308	19,011,770
<b>Creditors: Amounts falling due after more than one year</b>	13	(4,097,142)	(4,290,679)
<b>Provisions for liabilities</b>	14	(63,079)	-
<b>Accruals and deferred income</b>	15	(14,896,581)	(15,230,200)
<b>Net liabilities</b>		(234,494)	(509,109)
<b>Represented by:</b>			
<b>Reserves</b>			
Profit and Loss account	17	(234,494)	(509,109)
<b>Total</b>	17	(234,494)	(509,109)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements on pages 7 to 24 were approved by Council and authorised for issue on 24/08/18 and were signed on its behalf by:

On Behalf of the Board

*N. P. Weatherill*

Prof. Nigel Weatherill

Director

Date 24/08/18

**LIVERPOOL SCIENCE PARK LIMITED**

**Statements of Changes in Equity for the year ended 31 March 2018**

	<b>P&amp;L Reserve £</b>	<b>Total £</b>
<b>At 1 April 2016</b>	(524,510)	(524,510)
Profit and total comprehensive income for the year	15,401	15,401
<b>At 31 March 2017 and 1 April 2017</b>	(509,109)	(509,109)
Profit and total comprehensive income for the year	274,615	274,615
<b>At 31 March 2018</b>	(234,494)	(234,494)

## **LIVERPOOL SCIENCE PARK LIMITED**

### **Notes to the Financial Statements for the year ended 31 March 2018**

#### **1. Principal Accounting Policies**

##### **General Information**

Liverpool Science Park Limited ("the Company") is a public benefit entity and private limited company domiciled and incorporated in England. The company is limited by guarantee.

The Company's registered office and principal place of business is 131 Mount Pleasant, Liverpool, L3 5TF.

The Company's principal activities are disclosed in the directors' report.

##### **Basis of Accounting**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime, and under the historical cost convention. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

Monetary amounts in these financial statements are rounded to the nearest whole £1.

##### **Functional and Presentational Currency**

The financial statements are presented in sterling which is also the functional currency of the Company.

##### **Going Concern**

The Financial Statements have been prepared on the assumption that the Company is a going concern and will continue to be so. This assumption is based on a number of factors.

- LSP has delivered positive EBITDAs for the past three years and has delivered its third profit, without the support of public grant aid, in 2017-18;
- The 2018-19 budget, which assumes LSP remains profitable, assumes an ongoing occupancy rate at the end of the financial year of 86% overall. The Company ended the 2017-18 period with an occupancy rate of 81% and has already secured agreements for new tenants in 2018-19. This has been factored into cash flows;
- The Company's profile continues to increase and a major re-branding exercise has been rolled out from June 2018, along with key refurbishments and enhancements of the existing estate.
- The profile of Liverpool's Knowledge Quarter is increasing rapidly, with developments at Paddington Village already underway, the Sensor City initiative gaining traction and plans to better link the city centre to the Knowledge Quarter well advanced. This is anticipated to generate additional external demand and an increase in headline rents.
- At the year end the Company had net current liabilities of £183,729 (2017 – £571,745) and net liabilities of £234,494 (2017 – £509,109) which indicates that the Company may not be a going concern. However, this is largely due to balances owing to a related party and majority member, Liverpool City Council, of £4,202,938 (2017 - £4,268,850). The Company also has liabilities to its other two members, the University of Liverpool and Liverpool John Moores University, totalling £262,072 (2017 – £262,072).
- The Directors have obtained confirmation from the members that they do not intend to demand payment of the loans, over and above those amounts scheduled for the period, in the twelve-month period from the date of signature of these financial statements and will provide support to enable the Company to meet its commitments as they fall due. The Directors therefore consider it appropriate to prepare the financial statements on a going concern basis.
- The Company agreed an overdraft facility of £200,000 for working capital purposes with its bank on the 4<sup>th</sup> May 2018, which will be reviewed at least annually.

## **LIVERPOOL SCIENCE PARK LIMITED**

### **Notes to the Financial Statements for the year ended 31 March 2018**

#### **Consolidation**

The Company has elected not to prepare group financial statements. Its wholly owned subsidiary Liverpool Science Park Development Ltd undertook no trading activity during the year ending 31<sup>st</sup> March 2018.

#### **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. Rental income is recognised over the term of the lease. 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.

#### **Intangible Fixed Assets**

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Website development costs      4 years

The useful life calculation is based on the frequency with which the asset is expected be replaced by a significantly updated version. On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

#### **Tangible Fixed Assets**

##### **Land and Buildings**

Land and buildings are recognised at cost. Buildings are depreciated over their expected useful lives of 40 years. Land is not depreciated. Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above.

##### **Equipment**

Equipment, including computers and software with a minimum value of £2,000 and fixtures and fittings with a minimum value of £1,000, is capitalised at cost and depreciated over 4 years.

#### **Impairments of Fixed Assets**

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

## **LIVERPOOL SCIENCE PARK LIMITED**

### **Notes to the Financial Statements for the year ended 31 March 2018**

#### **Impairments of Fixed Assets (cont.)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

#### **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.

#### **Capitalisation of Interest**

Interest directly attributable to the construction of tangible fixed assets, incurred up to the time that identifiable major capital projects are ready for service is capitalised as part of the cost of the assets.

#### **Fixed Asset Investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## **LIVERPOOL SCIENCE PARK LIMITED**

### **Notes to the Financial Statements for the year ended 31 March 2018**

#### **Leases**

##### *The Company as Lessee – Operating Leases*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

##### *The Company as Lessor – Operating Leases*

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

#### **Employee Benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

#### **Financial Instruments**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### ***Financial assets***

##### *Trade and other debtors*

Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

##### ***Financial liabilities and equity***

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

## **LIVERPOOL SCIENCE PARK LIMITED**

### **Notes to the Financial Statements for the year ended 31 March 2018**

#### *Trade and other creditors*

Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

#### *Borrowings*

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

#### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### **2. Exceptional Item**

	<b>2018 £</b>	<b>2017 £</b>
Out of court settlement	280,000	-

An out of court settlement during the year resulted in the receipt of £280,000 compensation which has been treated as an exceptional item.

#### **3. Staff costs**

	<b>2018 £</b>	<b>2017 £</b>
Salaries	363,393	386,999
Pension costs	1,988	1,964
Social security costs	29,960	32,632
	<b>395,341</b>	<b>421,595</b>

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

	<b>2018 £</b>	<b>2017 £</b>
Average administrative staff	16	15
Full time equivalent administrative staff	12	12



**LIVERPOOL SCIENCE PARK LIMITED**

**Notes to the Financial Statements for the year ended 31 March 2018**

**4. Operating Profit**

	<b>2018 £</b>	<b>2017 £</b>
Operating profit is stated after charging:		
Depreciation on owned assets	616,367	615,186
Amortisation	3,613	3,252
Auditors remuneration LSP – RSM UK Audit LLP	15,292	15,600
Operating lease costs – land and buildings	111,625	111,394

**5. Interest Payable**

	<b>2018 £</b>	<b>2017 £</b>
Interest on loan from Liverpool John Moores University	1,217	2,932
Interest on loan from Liverpool City Council	138,737	140,705
	139,954	143,637

**6. Directors and key management personnel**

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.

Remuneration of key management personnel, which comprises the chief executive, was £111,566 (2017: £131,249).

# **LIVERPOOL SCIENCE PARK LIMITED**

## **Notes to the Financial Statements for the year ended 31 March 2018**

### **7. Tax on Profit on Ordinary Activities**

Current tax:

UK corporation tax  
(credit)

Adjustments in respect of prior year

Deferred tax provision

Total tax charge for the year

2018 £	2017 £
-	5
172	70
63,079	-
63,251	75

Factors affecting tax charge for the period

The tax assessed for the period is lower (2017 - lower) than the small companies rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

Profit on ordinary activities before tax

337,866	15,476
---------	--------

Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)

Effects of:

Expenses not deductible for tax purposes

Fixed asset differences

Income not taxable

Deferred tax not recognised and adjustments

Adjustment to tax charge in respect of  
previous periods

Total tax charge for the year

64,195	3,095
-	3,356
102,451	105,441
(87,980)	(91,211)
(15,587)	(20,676)
172	70
63,251	70

Deferred tax has been recognised in full in 2018 as noted above.

The main rate of corporation tax was reduced from 20% to 19% in 2017-18. This will be further reduced to 18% from 1 April 2020, thus aligning the main company rate and small company rate.

**LIVERPOOL SCIENCE PARK LIMITED**

**Notes to the Financial Statements for the year ended 31 March 2018**

**8. Intangible Fixed Assets**

	<b>Website Development Costs £</b>
<b>Cost</b>	
At 1 April 2017	14,450
Additions	-
At 31 March 2018	14,450
<b>Depreciation</b>	
At 1 April 2017	6,657
Charge for the period	3,613
At 31 March 2018	10,270
<b>Net Book Value</b>	
At 31 March 2018	4,180
At 31 March 2017	7,793

**LIVERPOOL SCIENCE PARK LIMITED**

**Notes to the Financial Statements for the year ended 31 March 2018**

**9. Tangible Fixed Assets**

	<b>Long Leasehold Land and Buildings £</b>	<b>Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2017	23,760,584	523,121	24,283,705
Additions	860	41,642	42,502
At 31 March 2018	23,761,444	564,763	24,326,207
<b>Depreciation</b>			
At 1 April 2017	4,255,616	452,368	4,707,984
Charge for the period	579,534	36,833	616,367
At 31 March 2018	4,835,150	489,201	5,324,351
<b>Net Book Value</b>			
At 31 March 2018	18,926,294	75,562	19,001,856
At 31 March 2017	19,504,968	70,753	19,575,721

The total capitalised interest at 31 March 2018 was £125,080 (2017 £125,080). Included is a value of £455,000 (2017: £455,000) which relates to land. This amount has not been depreciated.

**10. Investments**

	<b>2018 £</b>
<b>At 1<sup>st</sup> April 2017 and 31<sup>st</sup> March 2018</b>	<b>1</b>
The company holds 100% of the ordinary share capital of Liverpool Science Park Development Ltd, 131 Mount Pleasant, Liverpool L3 5TF, a company incorporated in England & Wales.	
Liverpool Science Park Development Ltd's trading status is currently dormant.	

**LIVERPOOL SCIENCE PARK LIMITED**

**Notes to the Financial Statements for the year ended 31 March 2018**

**11. Debtors**

	<b>2018 £</b>	<b>2017 £</b>
<b>Amounts falling due within one year</b>		
Trade debtors	11,823	27,263
Owed by related parties (note 19)	11,005	2,366
Owed by group companies	-	220
Prepayments	32,225	28,985
Accrued income	183,484	55,177
Other debtors	100,000	-
	<b>338,537</b>	<b>114,011</b>

During the year there has been an impairment loss of £9,339 (2017: £nil) in relation to trade debtor balances. £188 owed to Liverpool Science Park Ltd by Liverpool Science Park Development Ltd was written off in 2017-18.

**12. Creditors: Amount falling due within one year**

	<b>2018 £</b>	<b>2017 £</b>
Trade creditors	83,932	104,483
Owed to related parties (note 19)	81,679	6,192
Bank overdraft	14,762	-
Loans from related parties (note 19)	296,870	240,243
Other creditors	1,688	351,752
Other tax and social security	43,335	29,614
	<b>522,266</b>	<b>732,284</b>

Included in loans from related parties is a loan split into 2 tranches from Liverpool City Council (LCC). Tranche 1 is for a total of £552,651 (2017: £660,000) and Tranche 2 is for a total of £3,579,289 (2017: £3,900,000). The loan balances are split appropriately as due in less than one year and due in greater than one year. Interest on the LCC loans which relate to ic2 and ic3 is calculated in line with the Public Works Loan Board rate of 3.25%. Tranche 1 is being repaid in quarterly instalments, and will be repaid in full by 31 December 2033. Tranche 2 is being repaid in quarterly instalments, and will be repaid in full by 31 March 2040.

Also included in loans from related parties is a loan of £105,000 (2017: £105,000) from the University of Liverpool. There are no formal repayment terms or interest charged on the loan so it has been disclosed as due in less than one year.

A third loan of £52,072 (2017: £52,072) from Liverpool John Moores University is included in loans from related parties. There are no formal repayment terms so it has been disclosed as due in less than one year.

**LIVERPOOL SCIENCE PARK LIMITED**

**Notes to the Financial Statements for the year ended 31 March 2018**

**13. Creditors: Amount falling due after one year**

	<b>2018 £</b>	<b>2017 £</b>
Loans from related parties (note 19)	4,097,142	4,290,679
	4,097,142	4,290,679

Included in loans from related parties is a loan of £105,000 (2017: £157,073) from Liverpool John Moores University which is due to be repaid in full by 31 July 2024. Interest on this loan is currently at 1% above base rate with repayment due, subject to a notice period of twelve months, at any time within eight years. As notice had not been given at 31 March 2018 this balance is treated as being due in greater than one year.

Included within creditors are:

	<b>2018 £</b>	<b>2017 £</b>
Amounts repayable by instalments in less than one year	296,870	240,243
Amounts repayable by instalments in two to five years	607,890	540,972
Amounts repayable after five years	3,489,252	3,749,707
	4,394,012	4,530,922

**14. Provisions for Liabilities**

	<b>Deferred Taxation £</b>
At 1 April 2017	-
Additional provision in year	63,079
At 31 March 2018	63,079

Provision for deferred taxation has been made as follows:

	<b>2018 £</b>	<b>2017 £</b>
Fixed asset timing differences - deferred tax liability	123,691	-
Losses and other deductions - deferred tax asset	(60,612)	-
Net position at 31 March	63,079	-

**LIVERPOOL SCIENCE PARK LIMITED**

**Notes to the Financial Statements for the year ended 31 March 2018**

**15. Accruals and Deferred Income**

	<b>2018 £</b>	<b>2017 £</b>
Deferred capital grant	14,541,010	15,004,005
Accruals	216,909	89,239
Deferred income	138,662	136,956
	<b>14,896,581</b>	<b>15,230,200</b>

**LIVERPOOL SCIENCE PARK LIMITED**

**Notes to the Financial Statements for the year ended 31 March 2018**

**16. Deferred capital grants**

	<b>2018 £</b>	<b>2017 £</b>
<b>Received and Receivable</b>		
At 1 <sup>st</sup> April		
Buildings	18,925,279	18,787,700
Equipment	219,270	219,270
Recovered in year:		
Buildings	-	137,579
At 31 <sup>st</sup> March		
Buildings	18,925,279	18,925,279
Equipment	219,270	219,270
<b>Amortisation</b>		
At 1 <sup>st</sup> April		
Buildings	3,921,274	3,465,220
Equipment	219,270	219,270
Release in the year		
Buildings	462,995	456,054
At 31 <sup>st</sup> March		
Buildings	4,384,269	3,921,274
Equipment	219,270	219,270
<b>Net Balance at 31st March</b>		
Buildings	14,541,010	15,004,005
Equipment	-	-

Following completion of the ic3 construction project, an ERDF audit of the project was undertaken. A correction of grant funding on the main construction contract was imposed, because of perceived procedural shortcomings. The final confirmed amount repayable in relation to the full grant already received was £350,998.

Liverpool City Council paid the correction on behalf of the company on 1 April 2016, in anticipation of LSP seeking redress from the company contracted to manage the relevant aspect of the construction project. During 2017-18, an out of court settlement of £280,000 (note 2) was agreed with the company in question and the sum received has been reclassified as income in the year. The £70,998 balance of the original provision remained in short term creditors at the year end.

£131,579 partner contributions to IC3 predevelopment was reclassified as deferred capital grant during 2016-17.

In accordance with UK GAAP, 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.



# LIVERPOOL SCIENCE PARK LIMITED

## Notes to the Financial Statements for the year ended 31 March 2018

### **17. Reserves**

*Profit and loss account ,*

Cumulative profits and losses.

### **18. 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

### **19. Related party transactions**

During the financial year the company had the following transactions with related parties as defined by Financial Reporting Standard 102:

	Relationship	Transactions	2018 £ P&L	Debtor / (Creditor) at 31 March 2018	2017 £ P&L	Debtor / (Creditor) at 31 March 2017
Liverpool City Council	Member	Loans Owed to Related Parties	-	(4,131,940)	-	(4,268,850)
		Business Rates	(63,410)	(70,998)	(51,369)	-
University of Liverpool	Member	Loans	-	(105,000)	-	(105,000)
		Rental Income	228,632	4,247	248,553	-
		Loans	-	(157,072)	-	(157,072)
Liverpool JM University	Member	Rental Income in Advance	-	(10,681)	-	(6,192)
		Rental Income	321,950	6,758	335,274	2,366

There is no provision against any related party transaction at the year end and no amounts have been written off during the year.

**LIVERPOOL SCIENCE PARK LIMITED**

**Notes to the Financial Statements for the year ended 31 March 2018**

**20. Commitments under operating leases**

At 31st March 2018, the total future minimum lease payments under non-cancellable operating leases are as set out below:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Amount due:</b>		
Land & Buildings		
Within 1 year	119,629	114,984
Within 2 to 5 years	502,927	483,396
After more than 5 years (Superior Landlord Archdiocese of Liverpool)	24,962,180	25,218,518
	<b>25,584,736</b>	<b>25,816,898</b>

Operating lease arrangements relate to ground rent payments due on the freehold reversionary interests in the land and buildings owned by Liverpool Science Park Limited, with the related lease terms expiring in 2102.

**21. Capital Commitments at Year End**

The Company had capital commitments of £15,200 at 31<sup>st</sup> March 2018 (2017: £10,356).

**22. Ultimate Parent Company and Ultimate Controlling Party**

The ultimate controlling party of the Company is Liverpool City Council.

Liverpool City Council prepares consolidated accounts including Liverpool Science Park Limited which are available from its registered office at 4th Floor Millenium House, Victoria Street, Liverpool, L1 6JD.