



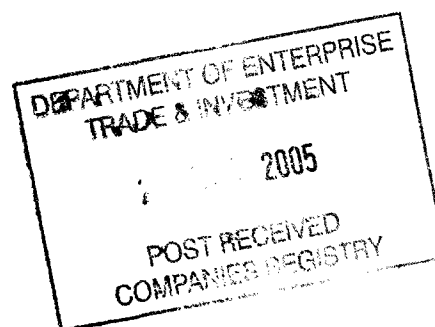
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NI 38987

NORTHERN IRELAND SCIENCE PARK PROPERTY LIMITED

Report and Financial Statements

31 March 2005



Northern Ireland Science Park Property Limited

Registered No. NI 38987

DIRECTORS

Mr M. G. A. Black	(Chairman)
Mr D. F Adair	
Dr N. Apsley	
Mr P. Donnelly	(appointed 2 September 2004)
Mr G. Jebb	
Mr T. Rodgers	
Mr S. Nelson	(resigned 31 May 2004)

SECRETARY

Mr M. G. Lamont

AUDITORS

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

BANKERS

Ulster Bank Limited
PO Box 232
11-16 Donegall Square East
Belfast

SOLICITORS

Cleaver Fulton Rankin
50 Bedford Street
Belfast
BT2 7FW

REGISTERED OFFICE

The Innovation Centre
Queen's Road
Queen's Island
Belfast
BT3 9DT

Northern Ireland Science Park Property Limited

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 March 2005.

RESULTS

The result for the year was a profit of £149,375 (2004 – £9,096).

ACTIVITIES

The principal activity of Northern Ireland Science Park Property Limited is to manage the land and property assets of the Northern Ireland Science Park Foundation Limited in fulfilment of the Northern Ireland Science Park Foundation Limited's objects and in accordance with the policies of Northern Ireland Science Park (Holdings) Limited.

The Company has completed the construction of The Innovation Centre and its refurbishment of an existing building on the Queen's Island site. Construction work has commenced on a further building and a planning application submitted in respect of another. Basic site infrastructure associated with these buildings has also been completed. Leases have been agreed with a number of entities for accommodation within all the completed buildings.

DIRECTORS AND THEIR INTERESTS

The directors during the year are listed on page 1.

Mr S. Nelson resigned as a director on 31 May 2004. Mr P. Donnelly was appointed as a director of the Company on 2 September 2004.

The directors have no interests in the share capital of the Company.

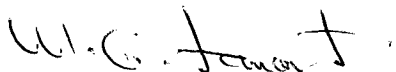
AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution for their re-appointment will be put to the forthcoming Annual General Meeting.

SMALL COMPANY EXEMPTIONS

The directors have taken advantage of the exemptions conferred by Part VIII of the Companies (Northern Ireland) Order 1986 and with the Financial Reporting Standard for Smaller Entities.

By Order of the Board



M.G. Lamont
Company Secretary

6 October 2005

Northern Ireland Science Park Property Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. 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.

Northern Ireland Science Park Property Limited

REPORT OF THE AUDITORS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHERN IRELAND SCIENCE PARK PROPERTY LIMITED

We have audited the company's financial statements for the year ended 31 March 2005, which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

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

Northern Ireland Science Park Property Limited

REPORT OF THE AUDITORS (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

Ernst + Young LLP
Registered Auditor
Belfast

7 October 2005

Northern Ireland Science Park Property Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2005

	Notes	2005 £	2004 £
TURNOVER	2	182,047	93,258
Cost of Sales		99,025	9,824
		<u>83,022</u>	<u>83,434</u>
Operating expenses		126,199	84,711
OPERATING LOSS	3	<u>(43,177)</u>	<u>(1,277)</u>
Profit on disposal of leasehold property		188,975	-
		<u>145,798</u>	<u>(1,277)</u>
Bank interest receivable		3,563	10,373
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>149,361</u>	<u>9,096</u>
Taxation on ordinary activities	4	14	-
PROFIT FOR THE FINANCIAL YEAR	10	<u><u>149,375</u></u>	<u><u>9,096</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit for the year ended 31 March 2005 of £149,375 (2004 - £9,096).

Northern Ireland Science Park Property Limited

BALANCE SHEET

as at 31 March 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	5	10,792,944	10,786,221
		<u>10,792,944</u>	<u>10,786,221</u>
CURRENT ASSETS			
Cash at bank and in hand		113,511	179,969
Debtors	6	703,716	8,250,014
		<u>817,227</u>	<u>8,429,983</u>
CREDITORS: amounts falling due in less than one year	7	644,306	8,406,438
NET CURRENT ASSETS		<u>172,921</u>	<u>23,545</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,965,865	10,809,766
ACCRUALS AND DEFERRED INCOME			
Deferred credit	8	10,792,945	10,786,221
		<u>172,920</u>	<u>23,545</u>
CAPITAL AND RESERVES			
Called up share capital	9	1	1
Profit and loss account	10	172,919	23,544
		<u>172,920</u>	<u>23,545</u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part VIII of the Companies (Northern Ireland) Order 1986 and with the Financial Reporting Standard for Smaller Entities.

M.G.A. Black
Chairman

6 October 2005

Northern Ireland Science Park Property Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 March 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and comply with the Financial Reporting Standard for Smaller Entities.

Fixed assets

Tangible fixed assets represent property development costs capitalised, buildings and buildings under construction.

Depreciation

Depreciation is provided on all tangible fixed assets, except land, at rates calculated to write off the cost, less the estimated residual value, of each asset evenly over its expected useful life as follows:

Leasehold Property	-	over term of lease (125 years)
Buildings and Infrastructure costs	-	over 25 years

Deferred Credit

Grant Payments in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets.

Grant payments of a revenue nature are credited to income in the period to which they relate.

2. TURNOVER

The Company receives rental income derived from leasehold property which is credited to income in the period to which it relates.

In previous years the Company received payments, in line with expenditure, from its ultimate parent undertaking, Northern Ireland Science Park Foundation Limited, which receives grants from the Department of Enterprise, Trade and Investment.

3. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2005	2004
	£	£
Auditors' remuneration		
- audit services	1,900	1,615
- non audit services	325	285
Depreciation	318,721	179,083
Deferred credit release	(477,271)	(634,426)

Northern Ireland Science Park Property Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2005

4. TAXATION ON ORDINARY ACTIVITIES

	2005	2004
	£	£
UK Corporation tax credit at 19% (2004 - 19%) – prior year adjustment	14	-

5. TANGIBLE FIXED ASSETS

	<i>Leasehold Land and Property</i>	<i>Assets Under Construction</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 April 2004	10,953,587	7,717	10,961,304
Additions	236,995	246,999	483,994
Disposals	(159,839)	-	(159,839)
At 31 March 2005	11,030,743	254,716	11,285,459
Depreciation:			
At 1 April 2004	175,083	-	175,083
Disposals	(1,289)	-	(1,289)
Charge for the year	318,721	-	318,721
At 31 March 2005	492,515	-	492,515
Net book value:			
At 31 March 2005	10,538,228	254,716	10,792,944
At 31 March 2004	10,778,504	7,717	10,786,221

Leasehold land and properties were valued as at 31 March 2005, in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards, at £20.6m (net book value £10.5m) on a market value for existing use basis. The valuation was carried out by CB Richard Ellis Gunne, independent property consultants.

The directors have not incorporated this valuation into the Financial Statements.

Northern Ireland Science Park Property Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2005

6. DEBTORS

	2005	2004
	£	£
Trade debtors	105,303	4,967
Prepayments	225,205	224,892
Other debtors	191,475	-
Intercompany - Northern Ireland Science Park Foundation Limited	181,733	8,020,155
	<u>703,716</u>	<u>8,250,014</u>

7. CREDITORS: amounts falling due in less than one year

	2005	2004
	£	£
Trade creditors	241,705	109,263
Accruals and deferred income	138,992	195,848
Other creditors	11,645	-
Bank overdraft	116,982	6,388,088
Intercompany - Northern Ireland Science Park (Holdings) Limited	134,982	1,713,239
	<u>644,306</u>	<u>8,406,438</u>

8. ACCRUALS AND DEFERRED INCOME

Deferred credit:

	2005	2004
	£	£
Balance as at 1 April 2004	10,786,221	8,361,845
Received during the year	483,995	3,058,802
Released during the year	(477,271)	(634,426)
	<u>10,792,945</u>	<u>10,786,221</u>

Under the terms of funding agreements dated 22 March 2002 and 31 March 2004 entered into with the Department of Enterprise, Trade and Investment, the group is entitled to receive capital grants up to £20,725,825 by 30 June 2007. The capital grant is to be repaid out of distributable reserves beginning with the financial year commencing on 1 April 2019 provided such repayment would not prejudice the future needs of the project and the science park generally.

In addition, under the terms of an agreement dated 22 March 2002 with the International Fund for Ireland, the group is entitled to receive a capital grant of up to £2,000,000 against the construction cost of The Innovation Centre.

Northern Ireland Science Park Property Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2005

9. SHARE CAPITAL

	2005	<i>Authorised</i> 2004
	£	£
Ordinary shares of £1 each	100,000	100,000

	2005	2004	2005	2004
	No.	No.	£	£
Ordinary shares of £1 each	1	1	1	1

10. RECONCILIATION OF SHAREHOLDERS' FUNDS

	<i>Share capital</i> £	<i>Profit & loss account</i> £	<i>Total</i> £
At 31 March 2003	1	14,448	14,449
Profit for the year		9,096	9,096
At 31 March 2004	1	23,544	23,545
Profit for the year		149,375	149,375
At 31 March 2005	1	172,919	172,920

11. CONTINGENT LIABILITY

The group has granted fixed charges over its present and future freehold and leasehold property and on any income arising out of the lease of these properties and a floating charge over the undertaking, goodwill, property and assets both present and future in favour of the Department of Enterprise, Trade and Investment in respect of all receipts of grant due or to become due under the terms of funding agreements dated 22 March 2002 and 31 March 2004. It has also given an unlimited guarantee to repay all monies due on intra group receipts of capital grants under the funding agreements. At 31 March 2005, the group had received capital advances totalling £14.2 million (2004 - £13.8 million).

The International Fund for Ireland has been granted a mortgage over The Innovation Centre.

12. CAPITAL COMMITMENTS

Amounts approved by the board, not contracted for and not provided in the financial statements amounted to £6.5 million (2004 - £1.5 million).

Northern Ireland Science Park Property Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2005

13. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption within FRS 8 "Related Party Disclosures" from disclosing transactions with its related companies as group accounts are prepared.

The profit on disposal of land relates to an agreement to lease 0.65 acres of land to Queen's University Belfast ("QUB") adjacent to its Electronic Communication and Information Technology Research Centre for a net consideration of £188,975 which was based on the market value of the land when the option to acquire it was granted. QUB is a member of the Company's ultimate parent undertaking and the director representing QUB disclosed his interest when the transaction was discussed and did not participate in the decision making process. All negotiations were conducted at arms length.

14. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Northern Ireland Science Park (Holdings) Limited, a company incorporated in Northern Ireland. Its ultimate parent undertaking is Northern Ireland Science Park Foundation Limited, a company incorporated in Northern Ireland. This is the parent undertaking of the largest group of which the Company is a member and for which group accounts are prepared. Copies of its group accounts may be obtained from its registered office.