



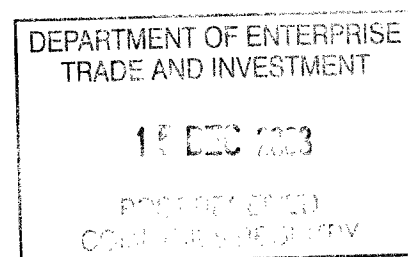
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**NORTHERN IRELAND SCIENCE PARK PROPERTY LIMITED**

Report and Financial Statements

31<sup>st</sup> March 2008



# Northern Ireland Science Park Property Limited

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Registered No. NI 38987

## **DIRECTORS**

Mr M. G. A. Black	(Chairman)
Mr D. F. Adair	Retired 1 <sup>st</sup> July 2008
Dr N. Apsley	
Mr P. Donnelly	
Mr G. Jebb	
Mr T. P. Rodgers	Retired 1 <sup>st</sup> July 2008
Mr F. Hewitt	Appointed 1 <sup>st</sup> July 2008
Mr B. Hanna	Appointed 1 <sup>st</sup> July 2008

## **SECRETARY**

Mr P. Maguire

## **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

Anglo Irish Bank  
14-18 Great Victoria Street  
Belfast

Barclays Bank  
Donegall House,  
Donegall Square North,  
Belfast, BT1 5LU

## **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

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## DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31<sup>st</sup> March 2008.

### RESULTS

The directors are satisfied with the results of the Company for the year.  
The result for the year was a profit of £254,313 (2007 – £188,430).

### 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.

Northern Ireland Science Park has begun to fulfil its Mission by already having developed three buildings, namely The Innovation Centre, The Legacy Building and White Star House, which together total 100,000 net sq. ft., all of which have been fully let to a mixture of local and global high tech businesses on scales from singleton to multinational. The Group has detailed Planning Permission for its next phase – a 210,000 sq. ft. (195,000 sq. ft. net lettable) state-of-the-art development of three, five storey interlinked buildings for Science Park use. The first phase – Concourse Building 1 is currently under construction. There has been considerable interest in this development from a range of suitable tenants.

In addition, Queen's University Belfast operates its Electronics, Communications and Information Technology research institute on a site leased to it by the Company.

### DIRECTORS

The directors during the year are listed on page 1.

### DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information to establish that the auditor is aware of that information.

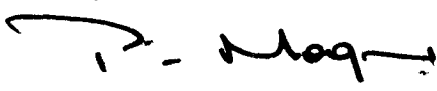
### AUDITORS

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

  
P. Maguire  
Company Secretary

(DATE)

21<sup>st</sup> December 2008.

## Northern Ireland Science Park Property Limited

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 that 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

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## 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<sup>st</sup> March 2008, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

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**

The directors' responsibilities for preparing of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 (Northern Ireland) Order 1986. 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 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

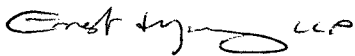
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## REPORT OF THE AUDITORS

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31<sup>st</sup> March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and
- the information given in the directors' report is consistent with the financial statements.



Ernst & Young LLP  
Registered Auditor  
Belfast

4 December 2008

# Northern Ireland Science Park Property Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31<sup>st</sup> March 2008

	Notes	2008 £	2007 £
<b>TURNOVER</b>	2	1,137,482	824,199
Cost of Sales		52,492	116,613
		<u>1,084,990</u>	<u>707,586</u>
Operating expenses		783,764	493,086
<b>OPERATING PROFIT</b>	3	<u>301,226</u>	<u>214,500</u>
Net interest receivable/(payable)		12,804	(26,070)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>314,030</u>	<u>188,430</u>
Taxation on ordinary activities	4	59,717	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>	11	<u><u>254,313</u></u>	<u><u>188,430</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<sup>st</sup> March 2008 of £254,313 (2007 - £188,430).

# Northern Ireland Science Park Property Limited

## BALANCE SHEET

as at 31<sup>st</sup> March 2008

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	5	17,973,625	16,276,544
		<u>17,973,625</u>	<u>16,276,544</u>
<b>CURRENT ASSETS</b>			
Cash at bank and in hand		136,000	14,938
Debtors	6	2,637,533	2,509,423
		<u>2,773,533</u>	<u>2,524,361</u>
<b>CREDITORS: amounts falling due in less than one year</b>	7	(2,346,724)	(2,386,400)
<b>NET CURRENT ASSETS</b>		<u>426,809</u>	<u>137,961</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		18,400,434	16,414,505
<b>PROVISIONS FOR LIABILITIES</b>	8	(49,574)	-
<b>ACCRUALS AND DEFERRED INCOME</b>			
Deferred credit	9	(17,688,868)	(16,006,826)
<b>NET ASSETS</b>		<u>661,992</u>	<u>407,679</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	1	1
Profit and loss account	11	661,991	407,678
		<u>661,992</u>	<u>407,679</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

(DATE) 21<sup>st</sup> December 2008.



# Northern Ireland Science Park Property Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31<sup>st</sup> March 2008

### 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 Infrastructure costs	-	over 25 years
ICT Infrastructure costs	-	over 3 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.

### 3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2008	2007
	£	£
Depreciation	577,451	719,835
Deferred credit release	(618,609)	(699,372)
	<u>          </u>	<u>          </u>

# Northern Ireland Science Park Property Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31<sup>st</sup> March 2008

### 4. TAXATION ON ORDINARY ACTIVITIES

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2008 £	2007 £
<i>Current tax</i>		
UK corporation tax at 19% (19%)	10,143	-
Total current tax	10,143	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	48,274	-
Adjustments in respect of previous years	1,300	-
Total deferred tax	49,574	-
Tax on profit on ordinary activities	59,717	-
(b) Deferred tax		

The deferred tax included in the balance sheet is as follows:

	2008 £	2007 £
Included in provisions for liabilities (note 8)	49,574	-
	2008 £	2007 £
Accelerated capital allowances	52,280	-
Other short term timing differences	(2,706)	-
	-	-
Provision for deferred tax	49,574	-
At 1 April 2007	-	-
Deferred tax charged in profit and loss account	49,574	-
At 31 March 2008	49,574	-

# Northern Ireland Science Park Property Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31<sup>st</sup> March 2008

### 5. TANGIBLE FIXED ASSETS

	<i>Leasehold Land and Property £</i>	<i>Assets Under Construction £</i>	<i>Total £</i>
Cost:			
At 1 <sup>st</sup> April 2007	17,882,609	345,193	18,227,802
Additions	48,810	2,225,722	2,274,532
At 31 <sup>st</sup> March 2008	17,931,419	2,570,915	20,502,334
Depreciation:			
At 1 <sup>st</sup> April 2007	1,951,258	-	1,951,258
Charge for the year	577,451	-	577,451
At 31 <sup>st</sup> March 2008	2,528,709	-	2,528,709
Net book value:			
At 31 <sup>st</sup> March 2008	15,402,710	2,570,915	17,973,625
At 1 <sup>st</sup> April 2007	15,931,351	345,193	16,276,544

Leasehold land and properties were valued as at 31<sup>st</sup> March 2007 in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards on a market value for existing use basis by CB Richard Ellis Gunne, independent property consultants. The valuation totalled £40.2m (net book value £16.3m).

The directors have not incorporated the results of the valuation into the Financial Statements.

### 6. DEBTORS

	<i>2008 £</i>	<i>2007 £</i>
Trade debtors	60,963	390,029
Prepayments	220,497	222,402
Other debtors	1,261,218	32,755
Intercompany - Northern Ireland Science Park Foundation Limited	1,094,855	1,864,237
	2,637,533	2,509,423

# Northern Ireland Science Park Property Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31<sup>st</sup> March 2008

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

	2008	2007
	£	£
Bank overdraft	142,611	793,521
Trade creditors	1,087,084	319,903
Accruals and deferred income	297,465	649,041
Other creditors	19,504	13,118
Corporation tax	10,143	-
Intercompany - Northern Ireland Science Park (Holdings) Limited	789,917	610,817
	<u>2,346,724</u>	<u>2,386,400</u>

### 8. PROVISIONS FOR LIABILITIES

	Deferred tax £
At 1 April 2007	-
Arising during the year	49,574
At 31 March 2008	<u>49,574</u>

### 9. ACCRUALS AND DEFERRED INCOME

#### Deferred credit:

	2008	2007
	£	£
Balance as at 1 <sup>st</sup> April 2007	16,006,826	14,118,493
Additions	2,300,651	2,587,705
Released in year	(618,609)	(699,372)
Balance as at 31 <sup>st</sup> March 2008	<u>17,688,868</u>	<u>16,006,826</u>

Under the terms of funding agreements dated 22<sup>nd</sup> March 2002, 31<sup>st</sup> March 2004 and 21<sup>st</sup> February 2007 entered into with the Department of Enterprise, Trade and Investment, the Group is entitled to receive capital grants up to £23 million by 30<sup>th</sup> April 2008. The capital grant is to be repaid out of distributable reserves beginning with the financial year commencing on 1<sup>st</sup> 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<sup>nd</sup> March 2002 with the International Fund for Ireland, the Group has received a capital grant of £2,000,000 against the construction cost of The Innovation Centre.

# Northern Ireland Science Park Property Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31<sup>st</sup> March 2008

### 10. SHARE CAPITAL

	<i>Authorised</i>	
	<i>2008</i>	<i>2007</i>
	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	1,000,000	1,000,000
	<u>          </u>	<u>          </u>
	<i>Allotted, called up and</i>	
	<i>fully paid</i>	
	<i>2008</i>	<i>2007</i>
	<i>No.</i>	<i>No.</i>
	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	1	1
	<u>          </u>	<u>          </u>

### 11. RECONCILIATION OF SHAREHOLDERS' FUNDS

	<i>Share</i>	<i>Profit</i>	
	<i>capital</i>	<i>&amp; loss</i>	
	<i>£</i>	<i>account</i>	<i>Total</i>
		<i>£</i>	<i>£</i>
At 1 <sup>st</sup> April 2006	1	219,248	219,249
Profit for the year	-	188,430	188,430
At 31 <sup>st</sup> March 2007	1	407,678	407,679
Profit for the year	-	254,313	254,313
At 31 <sup>st</sup> March 2008	1	661,991	661,992

### 12. CONTINGENT LIABILITIES

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<sup>nd</sup> March 2002, 31<sup>st</sup> March 2004 and 21<sup>st</sup> February 2007. 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<sup>st</sup> March 2008, the Group had received capital advances totalling £23.0 million (2007 - £20.7 million).

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

The Company has entered into an intra Group cross guarantee in favour of Ulster Bank Limited whereby it has guaranteed the obligations of its ultimate parent undertaking, and subsidiary undertakings thereof, due, or which become due, to the bank.

# Northern Ireland Science Park Property Limited

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## NOTES TO THE FINANCIAL STATEMENTS

at 31<sup>st</sup> March 2008

### 13. CAPITAL COMMITMENTS

Amounts approved by the board, not contracted for and not provided in the financial statements amounted to £4.7m (2007 - £7.0 million).

### 14. 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.

### 15. 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.

# Northern Ireland Science Park Property Limited

The following schedules do not form  
part of the audited statutory financial statements of the Company.

# Northern Ireland Science Park Property Limited

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## TRADING PROFIT AND LOSS ACCOUNT for the year ended 31<sup>st</sup> March 2008

	2008 £	2007 £
TURNOVER - Rental Income	1,137,482	824,199
Cost of sales	<u>52,492</u>	<u>116,613</u>
	1,084,990	707,586
Operating expenses	783,764	493,086
OPERATING PROFIT	<u><u>301,226</u></u>	<u><u>214,500</u></u>



# Northern Ireland Science Park Property Limited

## SCHEDULE TO TRADING PROFIT AND LOSS ACCOUNT for the year ended 31<sup>st</sup> March 2008

	2008	2007
	£	£
<b>OPERATING EXPENSES</b>		
Dock maintenance	10,590	13,095
Environmental insurance	24,480	24,480
Depreciation	577,451	719,835
Deferred credit release	(618,609)	(699,372)
Bad debt provision	8,192	7,018
Bank charges	-	56
Management charges	780,887	400,000
Repairs and maintenance	424	1,556
Legal and professional fees	-	472
Consultancy fees	-	27,547
Miscellaneous	349	(1,601)
	<u>783,764</u>	<u>493,086</u>