

NORTHERN IRELAND SCIENCE PARK PROPERTY LIMITED

Report and Financial Statements

31st March 2009



Northern Ireland Science Park Property Limited

Registered No NI 38987

DIRECTORS

Mr M G A Black	Retired 1st June 2009
Mr D F Adair	Retired 1 st July 2008
Dr N Apsley	
Mr P Donnelly	
Mr G Jebb	
Mr T P Rodgers	Retired 1 st July 2008
Mr F Hewitt	Appointed 1 st July 2008
Mr B Hanna	Appointed 1 st July 2008
Mr E G Bell (Chairman)	Appointed 1 st June 2009

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

Bank of Ireland
Donegall Square
Belfast

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

Anglo Irish Bank
14-18 Great Victoria Street
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

Registered No NI 38987

The directors present their report and the financial statements for the year ended 31st March 2009

RESULTS

The profit for the year, after taxation, is £111,183 (2008 - £254,313) The directors are satisfied with the results of the Company for the year, being greater than expectations

PRINCIPAL ACTIVITY

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 four buildings, namely The Innovation Centre, The Legacy Building, White Star House and The Concourse Building 1, which together total 150,000 net sq ft, most of which has been let to a mixture of local and global high tech businesses on scales from singleton to multinational The Group has detailed Planning Permission for Concourse Buildings 2 and 3 – to complete the 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

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

In addition, in order to provide support for the listed Pump-House and scheduled monument, the Thompson Dry Dock, the Company operates these features for tourism, schools' education and events

DIRECTORS

The directors during the year are listed on page 1

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has granted an indemnity to all its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies (Northern Ireland) Order 1986 Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political or charitable contributions during the year

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

Northern Ireland Science Park Property Limited

DIRECTORS' REPORT

SMALL COMPANY EXEMPTIONS

The directors have taken advantage of the exemptions conferred by Part VIII of the Companies (Northern Ireland) Order 1986 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective 2008)

By Order of the Board



P. Maguire
Company Secretary

Date 25th November 2009

Northern Ireland Science Park Property Limited

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

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 31st March 2009, 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 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.

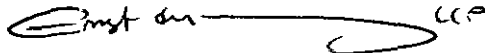
Northern Ireland Science Park Property Limited

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 31st March 2009 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

26 November 2009

Northern Ireland Science Park Property Limited

PROFIT AND LOSS ACCOUNT for the year ended 31st March 2009

	<i>Notes</i>	<i>2009</i> £	<i>2008</i> £
TURNOVER	2	1,317,374	1,137,482
Cost of Sales		56,643	52,492
		<u>1,260,731</u>	<u>1,084,990</u>
Operating expenses		1,113,703	783,764
OPERATING PROFIT	3	<u>147,028</u>	<u>301,226</u>
Bank interest receivable		47,465	12,804
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>194,493</u>	<u>314,030</u>
Taxation on ordinary activities	4	83,310	59,717
PROFIT FOR THE FINANCIAL YEAR	11	<u><u>111,183</u></u>	<u><u>254,313</u></u>

All amounts relate to continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31st March 2009

There are no recognised gains or losses other than the profit for the year ended 31st March 2009 of £111,183 (2008 - £254,313)

Northern Ireland Science Park Property Limited

BALANCE SHEET

as at 31st March 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Tangible assets	5	21,562,866	17,973,625
		<u>21,562,866</u>	<u>17,973,625</u>
CURRENT ASSETS			
Cash at bank and in hand		404,464	136,000
Debtors	6	3,740,000	2,637,533
		<u>4,144,464</u>	<u>2,773,533</u>
CREDITORS amounts falling due in less than one year	7	(4,875,387)	(2,346,724)
NET CURRENT ASSETS		<u>(730,923)</u>	<u>426,809</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		20,831,943	18,400,434
PROVISIONS FOR LIABILITIES	8	(81,994)	(49,574)
CREDITORS amounts falling due after more than one year		-	-
ACCRUALS AND DEFERRED INCOME			
Deferred credit	9	(19,976,774)	(17,688,868)
NET ASSETS		<u>773,175</u>	<u>661,992</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account	11	773,174	661,991
		<u>773,175</u>	<u>661,992</u>

The financial statements have been prepared in accordance with the special provisions of Part VIII of the Companies (Northern Ireland) Order 1986 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective 2008)

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by



E Bell
Chairman

Date 25th November 2009

Northern Ireland Science Park Property Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31st March 2009

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the Financial Reporting Standard for Smaller Entities (effective 2008)

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. The following criteria must also be met before revenue is recognised

Rendering of services

Revenue is recognised in line with the contractual obligations under the leases with the tenants

Interest income

Revenue is recognised as interest accrues using the effective interest method

Tangible fixed assets

Tangible fixed assets represent property development costs capitalised, buildings and buildings under construction. Tangible fixed assets are stated at cost, less accumulated depreciation. Such cost includes costs directly attributable to making the asset capable of operating as intended.

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

Leasehold land	-	over term of lease (125 years)
Property and buildings infrastructure costs	-	over 25 years
ICT infrastructure costs	-	over 3 years

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Deferred Credit

Grants 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

Grants of a revenue nature are credited to income in the period to which they relate

Northern Ireland Science Park Property Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31st March 2009

1. ACCOUNTING POLICIES (CONTINUED)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold, and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

2. TURNOVER

The Company receives rental income derived from leasehold property which is credited to income in the period to which it relates. Turnover is attributable to one principal area of activity and is attributable to continuing operations

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2009	2008
	£	£
Depreciation	714,074	577,451
Deferred credit release	(638,484)	(618,609)
	<u>714,074</u>	<u>(618,609)</u>

During the year, no director received any emoluments (2008 - £nil)

Northern Ireland Science Park Property Limited

NOTES TO THE FINANCIAL STATEMENTS at 31st March 2009

4. TAXATION ON ORDINARY ACTIVITIES

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2009 £	2008 £
<i>Current tax</i>		
Corporation tax on profit for the year	47,687	10,143
Adjustments in respect of previous years	3,203	-
Total current tax	50,890	10,143
<i>Deferred tax</i>		
Origination and reversal of timing differences	29,714	48,274
Adjustments in respect of previous years	2,706	1,300
Total deferred tax	32,420	49,574
Tax on profit on ordinary activities	83,310	59,717

(b) Deferred tax

The deferred tax included in the balance sheet is as follows

	2009 £	2008 £
Included in provisions for liabilities (note 8)	81,994	49,574
	81,994	49,574
	2009 £	2008 £
Accelerated capital allowances	81,994	52,280
Other short term timing differences	-	(2,706)
Provision for deferred tax	81,994	49,574
At 1 April 2008	49,574	-
Deferred tax charged in profit and loss account	32,420	49,574
At 31 March 2009	81,994	49,574

Northern Ireland Science Park Property Limited

NOTES TO THE FINANCIAL STATEMENTS at 31st March 2009

5. TANGIBLE FIXED ASSETS

	<i>Leasehold land and property £</i>	<i>Assets under construction £</i>	<i>Total £</i>
Cost			
At 1 st April 2008	17,931,419	2,570,915	20,502,334
Additions	13,592	4,289,723	4,303,315
Transfer	6,860,638	(6,860,638)	-
At 31 st March 2009	24,805,649	-	24,805,649
Depreciation			
At 1 st April 2008	2,528,709	-	2,528,709
Charge for the year	714,074	-	714,074
At 31 st March 2009	3,242,783	-	3,242,783
Net book value			
At 31 st March 2009	21,562,866	-	21,562,866
At 1 st April 2008	15,402,710	2,570,915	17,973,625

Leasehold land and properties were valued as at 31st 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). Since the valuation Concourse Building 1 has been completed and the Pumpouse has been renovated at a total cost of £6.9m.

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

6. DEBTORS

	<i>2009 £</i>	<i>2008 £</i>
Trade debtors	220,801	60,963
Prepayments and accrued income	521,327	220,497
Other debtors	20	1,261,218
Intercompany - Northern Ireland Science Park Foundation Limited	2,997,852	1,094,855
	<u>3,740,000</u>	<u>2,637,533</u>

Northern Ireland Science Park Property Limited

NOTES TO THE FINANCIAL STATEMENTS at 31st March 2009

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

	2009 £	2008 £
Bank overdraft	3,378,472	142,611
Trade creditors	111,692	1,087,084
Accruals and deferred income	722,760	297,465
Other creditors	33,748	19,504
Corporation tax	47,687	10,143
Intercompany - Northern Ireland Science Park (Holdings) Limited	581,028	789,917
	<u>4,875,387</u>	<u>2,346,724</u>

The bank overdraft is secured by way of an intra Group cross guarantee in favour of Ulster Bank Limited

8. PROVISIONS FOR LIABILITIES

		<i>Deferred tax £</i>
At 1 April 2008	49,574	-
Arising during the year	32,420	49,574
At 31 March 2009	<u>81,994</u>	<u>49,574</u>

9. ACCRUALS AND DEFERRED INCOME

Deferred credit

	2009 £	2008 £
Balance as at 1 st April 2008	17,688,868	16,006,826
Additions	2,926,390	2,300,651
Released during the year	(638,484)	(618,609)
Balance as at 31 st March 2009	<u>19,976,774</u>	<u>17,688,868</u>

Under the terms of funding agreements dated 22nd March 2002, 31st March 2004 and 21st 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 30th April 2009. The capital grant is to be repaid out of distributable reserves beginning with the financial year commencing on 1st April 2019 provided such repayment would not prejudice the future needs of the project and the science park generally.

Northern Ireland Science Park Property Limited

NOTES TO THE FINANCIAL STATEMENTS at 31st March 2009

In addition, under the terms of an agreement dated 22nd 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

10. SHARE CAPITAL

SHARE CAPITAL		<i>Authorised</i>		
		<i>2009</i>	<i>2008</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 fully paid</i>		
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>No</i>	<i>No</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	1	1	1	1
		<u> </u>	<u> </u>	<u> </u>

11. RECONCILIATION OF SHAREHOLDERS' FUNDS

	<i>Share capital</i>	<i>Profit & loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 31 st March 2008	1	661,991	661,992
Profit for the year	-	111,183	111,183
	<u> </u>	<u> </u>	<u> </u>
At 31 st March 2009	1	773,174	773,175
	<u> </u>	<u> </u>	<u> </u>

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 22nd March 2002, 31st March 2004 and 21st 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 31st March 2009, the Group had received capital advances totalling £25 million (2008 - £23.0 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

NOTES TO THE FINANCIAL STATEMENTS at 31st March 2009

13. CAPITAL COMMITMENTS

Amounts approved by the board, not contracted for and not provided in the financial statements amounted to £nil (2008 - £4 7 million)

14. RELATED PARTY TRANSACTIONS

The Company, as a 90% or more subsidiary, has taken advantage of the exemption within FRS 8 "Related Party Disclosures" not to disclose transactions with other Group companies as Group accounts are prepared

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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