

Financial Statements Birmingham Technology (Property) Limited

For the Year Ended 31 March 2016



Registered number: 02188998

Birmingham Technology (Property) Limited
Registered number:02188998

Company Information

Directors	Professor Julia King DBE FREng, The Baroness Brown of Cambridge (resigned 5 September 2016) Dr D J Hardman MBE Councillor L S Trickett Dr P Extance (resigned 8 January 2016)
Company secretary	R Kumar
Registered number	02188998
Registered office	Faraday Wharf Innovation Birmingham Campus Holt Street Birmingham Science Park Aston Birmingham B7 4BB
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor The Colmore Building 20 Colmore Circus Birmingham West Midlands B4 6AT

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Directors' Report

For the Year Ended 31 March 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Principal activities

Birmingham Technology (Property) Limited ("BTP"), as the property company, holds all property and land leases for the Innovation Birmingham Campus. The company currently invoices tenants for rent and service charges in Faraday Wharf, and in future will do so for the whole of the Innovation Birmingham Campus development site.

BTP currently holds the 'Contract for the Provision of Facilities Management' to the wider Birmingham Science Park Aston (excluding the Innovation Birmingham Campus). This will be held at least until the future of the rest of the Science Park location is determined. BTP holds the loan which has financed the development of the iCentrum® Building.

Results and dividends

The loss for the year, after taxation, amounted to £75,254 (2015 - profit £1,185,327).

The directors do not propose to pay a dividend in respect of the financial year (2015: £nil).

Directors

The directors who served during the year were:

Professor Julia King DBE FREng, The Baroness Brown of Cambridge (resigned 5 September 2016)
Dr D J Hardman MBE
Councillor L S Trickett
Dr P Extance (resigned 8 January 2016)

Financial risk management objectives and policies

The company uses various financial instruments including cash and other items, such as trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are liquidity risk, cash flow risk, interest rate risk, currency risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity

The restructuring completed in November 2012 and a new business plan supported by a working capital and other facilities from Birmingham City Council supports a forecast for a viable and sustainable future.

Interest rate risk

The company has a facility agreement with Birmingham City Council with a fixed interest rate.

Credit risk

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of any provisions for doubtful debts, estimated by the management of the company based on the financial understanding of the customer, prior experience and their assessment of the current economic environment. Decisions regarding cash and deposits with financial institutions are approved by management.

Directors' Report

For the Year Ended 31 March 2016

Principal risks and uncertainties

Principal risks and uncertainties

- Impact of the economy on occupancy levels
- The company's ability to raise finance for high value future developments.

Impact of the economic recession on occupancy levels

Birmingham Technology (Property) Limited ("BTP"), as the property company, holds all property and land lease and the company invoices tenants in Faraday Wharf (and in future for the Innovation Birmingham Campus development site) for rent and service charges. Faraday Wharf and the wider development site together comprise the Innovation Birmingham Campus. BTP currently holds the 'Contract for the Provision of Facilities Management' to the Science & Technology Campus, which covers the remainder of the Science Park (excluding the Innovation Birmingham Campus). This will be held at least until the future of the rest of the Science Park is determined. BTP has taken on the loan finance for the development of the iCentrum Building.

The company's ability to raise finance for high value future developments

The restructuring of the Science Park management companies has provided the means to fund the first stage in the future development of the Innovation Birmingham Campus; the delivery of the iCentrum Building.

Going concern

The group has prepared cash flow forecasts to 31 October 2017 making certain assumptions, to assess the working capital requirement for that period. At 31 March 2016 the group has net assets and a positive cash position. Accordingly, in the directors' opinion it is appropriate to prepare the accounts on the going concern basis. The financial statements do not include any adjustments that might be necessary should the company be unable to continue as a going concern.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity insurance policy which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors.

Directors' Report

For the Year Ended 31 March 2016

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company financial statements and then apply them consistently;
- make judgments and accounting 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.

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.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

29/9/16

and signed on its behalf.



R Kumar
Secretary



Independent Auditor's Report to the Members of Birmingham Technology (Property) Limited

We have audited the financial statements of Birmingham Technology (Property) Limited for the year ended 31 March 2016, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, and the related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.



Independent Auditor's Report to the Members of Birmingham Technology (Property) Limited

Matters on which we are required to report by exception

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

- 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 take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

A handwritten signature in black ink, appearing to read "David White".

David White (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor

The Colmore Building
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

Date:

30/01/16

Statement of Comprehensive Income

For the Year Ended 31 March 2016

	Note	2016 £	2015 restated £
Turnover	4	1,102,838	977,663
Gross profit		1,102,838	977,663
Administrative expenses		(851,565)	(504,053)
Other operating income	5	36,717	36,717
Fair value movement on investment property		(397,244)	650,000
Operating (loss)/profit	6	(109,254)	1,160,327
Interest receivable and similar income	8	493,000	466,000
Interest payable and expenses	9	(459,000)	(441,000)
(Loss)/profit before tax		(75,254)	1,185,327
Profit for the year		(75,254)	1,185,327
Other comprehensive income for the year			
Total comprehensive income for the year		(75,254)	1,185,327

The notes on pages 9 to 23 form part of these financial statements.

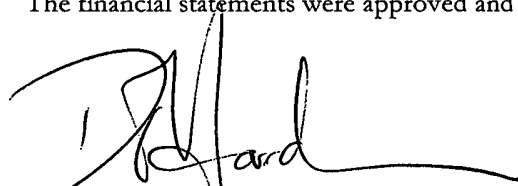
Statement of Financial Position

As at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	12	207,602	1,115,835
Investment property	13	13,650,000	5,900,000
		<u>13,857,602</u>	<u>7,015,835</u>
Current assets			
Debtors: amounts falling due within one year	14	13,126,666	12,660,767
Cash at bank and in hand	15	128,064	26,795
		<u>13,254,730</u>	<u>12,687,562</u>
Creditors: amounts falling due within one year	16	(14,505,982)	(13,008,096)
Net current liabilities		<u>(1,251,252)</u>	<u>(320,534)</u>
Total assets less current liabilities		<u>12,606,350</u>	<u>6,695,301</u>
Creditors: amounts falling due after more than one year	17	(11,411,293)	(5,424,990)
Net assets		<u><u>1,195,057</u></u>	<u><u>1,270,311</u></u>
Capital and reserves			
Called up share capital	19	10,000	10,000
Revaluation reserve	20	2,689,717	2,689,717
Profit and loss account	20	(1,504,660)	(1,429,406)
		<u><u>1,195,057</u></u>	<u><u>1,270,311</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29/9/16



Dr D J Hardman MBE
Director

The notes on pages 9 to 23 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 March 2016

	Share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 April 2015	10,000	2,689,717	(1,429,406)	1,270,311
Comprehensive income for the year				
Loss for the year	-	-	(75,254)	(75,254)
Total comprehensive income for the year	-	-	(75,254)	(75,254)
At 31 March 2016	10,000	2,689,717	(1,504,660)	1,195,057

Statement of Changes in Equity

For the Year Ended 31 March 2015

	Share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 April 2014	10,000	2,039,717	(1,964,733)	84,984
Comprehensive income for the year				
Profit for the year	-	-	1,185,327	1,185,327
Total comprehensive income for the year	-	-	1,185,327	1,185,327
Transfer to revaluation reserve	-	-	(650,000)	(650,000)
Transfer from profit and loss account	-	650,000	-	650,000
At 31 March 2015	10,000	2,689,717	(1,429,406)	1,270,311

The notes on pages 9 to 23 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. General information

Birmingham Technology (Property) Limited is a limited liability company incorporated in England and Wales. The registered office address is Faraday Wharf, Innovation Birmingham Campus, Holt Street, Birmingham Science Park Aston, B7 4BB.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of the Investment property and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 25.

The financial statements are presented in sterling.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Innovation Birmingham Limited as at 31 March 2016 and these financial statements may be obtained from Faraday Wharf, Innovation Birmingham Campus, Holt Street, Birmingham Science Park Aston, Birmingham, B7 4BB.

2.3 Going concern

The group has prepared cash flow forecasts to 31 October 2017 making certain assumptions, to assess the working capital requirement for that period. At 31 March 2016 the group has net assets and a positive cash position. Accordingly, in the directors' opinion it is appropriate to prepare the accounts on the going concern basis. The financial statements do not include any adjustments that might be necessary should the company be unable to continue as a going concern.

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures, fittings and equipment - 20% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.6 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2.7 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Profit and loss account.

Changes in fair value are transferred to a revaluation reserve to reflect their nature as non-distributable.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares where market value cannot be reliably determined are stated at historic cost less impairment.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.11 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and loss account in the same period as the related expenditure.

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.14 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

2.15 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Borrowing costs

Borrowing costs which are directly attributable to the cost of construction of a qualifying asset are capitalised during the period of construction. All other borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.17 Taxation

Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements

For the Year Ended 31 March 2016

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The policies applied under the entity's previous accounting framework are not materially different to the policies applied under FRS 102, and as a result no measurement or recognition difference have arisen. All disclosures in the financial statements have been updated accordingly.

Significant judgements and estimates

Preparation of the financial statements require management to make significant judgements and estimates. The items included in the financial statements where these judgements and estimates have been made include;

Trade debtors

Trade debtors consist of amounts due from customers. An allowance for doubtful debt is maintained for estimated losses resulting from the viability of the company's customers to make required payment. The allowance is based on the company's regular assessment of the credit worthiness and financial conditions of customers.

Deferred taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of future tax planning strategies.

Valuation of properties

Management have to estimate the fair value of the investment properties at each period end using their knowledge of the property market and seeking expert advice where appropriate.

4. Analysis of turnover

The whole of the turnover is attributable to the company's principal activity.

All turnover arose within the United Kingdom.

5. Other operating income

	2016	2015
	£	£
Release of deferred income	36,717	36,717

6. Operating profit

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets	2,063	2,790
Fees payable to the Company's auditor and its associates for the audit of the company's annual financial statements	12,252	11,214

During the year, no director received any emoluments (2015 - £NIL).

Notes to the Financial Statements

For the Year Ended 31 March 2016

7. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2015 - £NIL).

8. Interest receivable

	2016 £	2015 £
Interest receivable from group companies	<u>493,000</u>	<u>466,000</u>

9. Interest payable and similar charges

	2016 £	2015 £
Loans from group undertakings	<u>459,000</u>	<u>441,000</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

10. Taxation

	2016 £	2015 £
Total current tax	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
(Loss)/profit on ordinary activities before tax	(75,254)	535,327
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	(15,051)	112,419
Effects of:		
Expenses not deductible for tax purposes	79,480	-
Fixed asset differences	-	(3,322)
Utilisation of tax losses	-	(109,097)
Adjust closing deferred tax to average rate	950	-
Deferred tax not recognised	(65,379)	-
Total tax charge for the year	-	-

11. Investments

The company owns 100% of the ordinary share capital of Birmingham Technology (Property One) Limited, a dormant company.

Notes to the Financial Statements

For the Year Ended 31 March 2016

12. Tangible fixed assets

	Assets under course of construction £	Fixtures & fittings £	Total £
Cost or valuation			
At 1 April 2015	1,113,429	156,484	1,269,913
Additions	7,036,388	204,686	7,241,074
Transfers between classes	(8,147,244)	-	(8,147,244)
At 31 March 2016	2,573	361,170	363,743
Depreciation			
At 1 April 2015	-	154,078	154,078
Charge owned for the period	-	2,063	2,063
At 31 March 2016	-	156,141	156,141
Net book value			
At 31 March 2016	2,573	205,029	207,602
At 31 March 2015	1,113,429	2,406	1,115,835

Notes to the Financial Statements

For the Year Ended 31 March 2016

13. Investment property

	Freehold investment property £
Valuation	
At 1 April 2015	5,900,000
Additions at cost	8,147,244
Surplus on revaluation	(397,244)
At 31 March 2016	13,650,000

Additions include borrowing costs of £202,436.

The properties have been valued by the directors, on the basis of their recent experience of similar properties based on expected yields.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2016 £	2015 £
Historic cost	12,871,827	4,760,283
Accumulated depreciation and impairments	(1,123,189)	(666,440)
	11,748,638	4,093,843

14. Debtors

	2016 £	2015 £
Trade debtors	35,919	60,120
Amounts owed by group undertakings	13,013,234	12,514,829
Prepayments and accrued income	77,513	85,818
	13,126,666	12,660,767

Amounts owed by group companies are unsecured and repayable on demand. Interest on these balances is receivable at 4% per annum (2015: 4%).

Notes to the Financial Statements

For the Year Ended 31 March 2016

15. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	<u>128,064</u>	<u>26,795</u>

16. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	513,288	547,900
Amounts owed to group undertakings	12,518,025	12,003,596
Taxation and social security	14	-
Accruals and deferred income	<u>1,474,655</u>	<u>456,600</u>
	<u>14,505,982</u>	<u>13,008,096</u>

Amounts owed to group companies are unsecured and repayable on demand. Interest on these balances is payable at 4% per annum (2015: 4%).

Birmingham City Council holds a debenture, with a fixed charge over the company's fixed assets and a floating charge over the company's current assets.

17. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Other loans	6,980,796	957,776
Accruals and deferred income	<u>4,430,497</u>	<u>4,467,214</u>
	<u>11,411,293</u>	<u>5,424,990</u>

Secured loans

Birmingham City Council holds a debenture, with a fixed charge over the company's fixed assets and a floating charge over the company's current assets.

Notes to the Financial Statements

For the Year Ended 31 March 2016

18. Loans

Creditors include amounts not wholly repayable within 5 years as follows:

	2016 £	2015 £
Amounts falling due after more than 5 years		
Other loans	6,980,796	957,776
	<u>6,980,796</u>	<u>957,776</u>

On 12 December 2014 the company entered into a loan agreement with Birmingham City Council to fund the development of the iCentrum building. The balance at 31 March 2016 is £6,980,796 (2015: £957,776). The loan is secured against the asset to which it relates, is subject to 5% interest per annum and repayments start June 2017 through to March 2042.

The deferred income is generated from the loan from Birmingham City Council being settled previously in exchange for the ownership of the investment properties held. The property has since been retained by the company, on a long term lease of 125 years.

19. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
8,750 Ordinary 'A' shares of £1 each	8,750	8,750
1,250 Ordinary 'B' shares of £1 each	1,250	1,250
	<u>10,000</u>	<u>10,000</u>

The 'A' Ordinary and 'B' Ordinary shares are separate classes of shares but carry the same rights and privileges and rank pari passu in all respects. This includes equality in voting rights and the rights to any remaining assets in the event of the company being wound up.

20. Reserves

Revaluation reserve

The revaluation reserve contains all amounts relating to the revaluation of investment property.

Profit & loss account

The profit and loss account contains all current and prior period retained earnings.

Notes to the Financial Statements

For the Year Ended 31 March 2016

21. Capital commitments

At 31 March 2016 the company had capital commitments of £Nil (2015: £7,800,000).

22. Commitments under operating leases

At 31 March 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	167,500	167,500
Later than 1 year and not later than 5 years	758,500	758,500
Later than 5 years	3,328,000	2,584,000
Total	4,254,000	3,510,000

Operating leases are in respect of the land used by the Innovation Birmingham campus.

23. Related party transactions

The company received management, marketing, accounting and administrative services from its parent undertaking and other group undertakings, and was charged £593,433 (2015: £441,773) during the year for these services.

The company has a long-term lease with Birmingham City Council on Faraday Wharf. In the year to 31 March 2016 the company paid £176,000 (2015: £176,000) as rentals in respect of this leased property. These amounts were calculated and paid on an arm's-length basis and at market rates. The company paid business rates to Birmingham City Council, on an arm's length basis, amounting to £58,276 (2015: £83,268). In addition the company has a loan with Birmingham City Council in relation to the iCentrum building, the balance at 31 March 2016 is £6,980,796 (2015: £957,776).

The amounts owed to / by group undertakings, including subsidiary undertakings, are repayable on demand. Interest on these balances was payable and receivable at 4% per annum (2015: 4%).

The company received interest from Innovation Birmingham Limited, and paid interest to Birmingham Science Park Aston Limited, as disclosed in notes 8 and 9, respectively.

24. Controlling party

The company is part of the Innovation Birmingham Limited group, which is the smallest group to consolidate these financial statements. The ultimate parent undertaking and controlling party is Birmingham City Council, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of Innovation Birmingham Limited's, and Birmingham City Council's consolidated financial statements can be obtained from the Company Secretary at Faraday Wharf, Innovation Birmingham Campus, Holt Street, Birmingham Science Park Aston, Birmingham, B7 4BB.

Notes to the Financial Statements

For the Year Ended 31 March 2016

25. Transition to FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 April 2014. The impact of the transition to FRS 102 is as follows:

Reconciliation of equity at 1 April 2014

Equity at 1 April 2014 under previous UK GAAP	£ (520,168)
Equity shareholders deficit at 1 April 2014 under FRS 102	(520,168)

Reconciliation of equity at 31 March 2015

Equity at 31 March 2015 under previous UK GAAP	£ 84,984
Equity shareholders funds at 31 March 2015 under FRS 102	84,984

Reconciliation of profit and loss account for the year ended 31 March 2015

Profit for the year under UK GAAP	£ 535,327
Uplift in fair value of investment property	650,000
Profit for the year ended 31 March 2015 under FRS 102	1,185,327

Under FRS 102 the revaluation uplift is taken to profit for the year, rather than as a reserves movement. There is no overall impact on the net assets of the company at 31 March 2015.

The following were changes in accounting policies arising from the transition to FRS 102:

- 1 Any uplift in the fair value of investment properties is now taken through profit and loss, rather than through other comprehensive income (previously the statement of total recognised gains and losses).