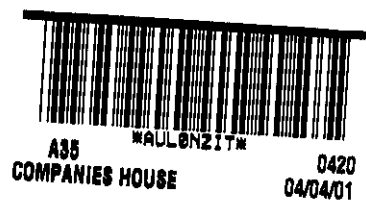


Company Number: 3205246

**UNIVERSITY OF WARWICK
SCIENCE PARK INNOVATION
CENTRE LIMITED**

Annual Report

Year Ended 30 September 2000



UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

**Annual report
for the year ended 30 September 2000**

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UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Directors and advisers

Non-executive directors

Professor Sir B K Follett
Professor R G Dyson
Mr H R P Thompson
Councillor C D Bain
Mr K Thomas
Dr I D Nussey

Secretary and registered office

Mr G Wolfe
Barclays Venture Centre
Sir William Lyons Road
Coventry
CV4 7EZ

Auditors

Grant Thornton
Chartered Accountants
32-34 Queens Road
Coventry
CV1 3FJ

Solicitors

Martineau Johnson
St Philips House
St Philips Place
Birmingham
B3 2PP

Bankers

Barclays Bank plc
University of Warwick Branch
University of Warwick
Coventry
CV4 7AL

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Report of the directors for the year ended 30 September 2000

The directors present their report and the audited financial statements for the year to 30 September 2000.

Principal activities

The University of Warwick Science Park Innovation Centre Limited owns and lets its building on the Warwick Technology Park to SMEs engaged in high technology businesses. The University of Warwick Science Park Limited manages the building on behalf of the company and acts as a focus of technology and information exchange between tenants and the University, whilst giving tenants additional access to the various business development projects carried out on the Science Park main site.

Review of business and future developments

The Innovation Centre was fully let for most of the 1999/2000 financial year, and occupants participated in projects run by the University of Warwick Science Park Limited. The directors are confident that this trend will continue and a similar level of profit continued to be achieved in the future.

Results and Dividends

The profit for the year before taxation amounted to £218,094 (1999: £138,597) and the profit after taxation to £180,747 (1999: £121,597). As required by the Shareholders Agreement, an interim dividend amounting to 16.25p per share on the Ordinary A and B shares was paid on 22 August 2000 and the directors are recommending a final dividend of 9.28p per Ordinary A and B share to be paid immediately after the Annual General Meeting.

Directors

The directors of the company at 30 September 2000, all of whom served throughout the year, except where indicated, are listed below

Name	Representing
Professor Sir B K Follett	University of Warwick Science Park Limited
Professor R G Dyson	University of Warwick Science Park Limited (appointed 2 November 1999)
Mr H R P Thompson	University of Warwick Science Park Limited
Mr K Thomas	University of Warwick Science Park Limited

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Report of the directors for the year ended 30 September 2000

Dr I D Nussey

University of Warwick Science
Park Limited

Councillor C D Bain

Warwickshire County Council
(appointed 5 June 2000)

Councillor D A Forwood resigned as a director with effect from 17 April 2000.

Directors' interests in the shares of the company

No directors held interests in the shares of the company at 30 September 2000, or at any time during the year.

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial period 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton having offered themselves for re-appointment as auditors shall be deemed to be re-appointed for the next financial year in accordance with section 386 of the Companies Act 1985.

BY ORDER OF THE BOARD



G WOLFE
Secretary
27 March 2001

**REPORT OF THE AUDITORS TO THE MEMBERS OF
THE UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION
CENTRE LIMITED**

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
COVENTRY**

27 March 2001

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Profit and loss account for the year ended 30 September 2000

	Note	2000	1999
		£	£
Turnover	2	426,649 =====	364,733 =====
Operating Profit	2	267,080	193,973
Interest receivable and similar income		5,249	4,889
Interest payable and similar charges	4	(54,235)	(60,265)
Profit on ordinary activities before taxation		218,094	138,597
Tax on profit on ordinary activities	5	(37,347)	(17,000)
Profit for the financial year		180,747	121,597
Dividends - Interim		71,124	24,703
Proposed Final		<u>40,623</u>	<u>46,894</u>
	6	111,747	71,597
Retained profit for the financial year		69,000 =====	50,000 =====
Statement of retained profits			
Retained profits at 1 October 1999		57,825	7,825
Profit for the financial year		69,000	50,000
Retained profit at 30 September 2000		126,825 =====	57,825 =====

The accompanying accounting policies and notes form an integral part of these financial statements.

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Balance sheet at 30 September 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	7	3,245,077	3,240,000
Current Assets			
Debtors	8	59,452	80,330
Cash at bank and in hand		113,444	129,114
		<u>172,896</u>	<u>209,444</u>
Creditors: amounts falling due within one year	9	<u>179,549</u>	<u>(218,415)</u>
Net current liabilities		<u>(6,653)</u>	<u>(8,971)</u>
Total assets less current liabilities		3,238,424	3,231,029
Creditors: amounts falling due after more than one year	10	<u>(502,000)</u>	<u>(571,000)</u>
		<u>2,736,424</u>	<u>2,660,029</u>
Capital and reserves			
Called up share capital	12	1,940,001	1,940,001
Profit and loss account	13	126,825	57,825
Revaluation reserve	13	669,598	662,203
Shareholders' funds	14	<u>2,736,424</u>	<u>2,660,029</u>
Equity shareholders' funds		1,233,924	1,157,529
Non equity shareholders' funds		1,502,500	1,502,500
		<u>2,736,424</u>	<u>2,660,029</u>

The financial statements were approved by the Board of Directors on 27 March 2001.

Director *BK Follett* Director *Chris Bain* CB X

The accompanying accounting policies and notes form an integral part of these financial statements.

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

**Statement of total recognised gains and losses
for the year ended 30 September 2000**

	2000	1999
	£	£
Profit for the financial year	180,747	121,597
Unrealised surplus on revaluation of land and buildings	7,395	662,203
	<hr/>	<hr/>
Total recognised gains and losses for the year	188,142	783,800
	=====	=====

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED
Notes to the financial statements
for the year ended 30 September 2000

1 Principal accounting policies

The principal accounting policies of the company have remained unchanged from the previous year except that long leasehold land and buildings have been reclassified as investment properties to reflect the long-term investment nature of these assets and are set out below.

Basis of preparation

The financial statements have been prepared under the historical cost convention, except investment properties are shown at their revalued amounts.

Investment Properties

In accordance with Statement of Standard Accounting Practice No 19, certain of the company's properties are held for long-term investment and are included in the balance sheet at their open market values. The surpluses or deficits on revaluation of such properties are transferred to the investment property revaluation reserve. Depreciation is not provided in respect of leasehold investment properties where the unexpired term is over twenty years.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Turnover

Turnover represents rents and service charges receivable.

Deferred tax

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is shown as a contingent liability.

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Notes to the financial statements continued
for the year ended 30 September 2000

2 Turnover and profit on ordinary activities

	2000 £	1999 £
Turnover	426,649	364,733
Administration expenses	(45,343)	(68,045)
Establishment expenses	(114,226)	(102,715)
	<hr/>	<hr/>
Operating Profit	267,080 =====	193,973 =====

Turnover consists entirely of sales made in the United Kingdom.

Profit on ordinary activities is stated after charging:-

	2000 £	1999 £
Auditors' remuneration	850 ===	850 ===

3 Directors' emoluments

The directors received no emoluments from the company during the year and the company had no employees during the year. Administration was carried out by the University of Warwick Science Park Limited which has an agreement with the company to manage its building.

4 Interest payable and similar charges

	2000 £	1999 £
On bank loans and overdrafts	54,235 =====	60,265 =====

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Notes to the financial statements continued
for the year ended 30 September 2000

5 Tax on profit on ordinary activities

The tax charge represents:

	2000 £	1999 £
Corporation tax @ 20% (1999 21%)	37,347	17,000
	=====	=====

6 Dividends:

Equity dividends:

Ordinary A and B shares - interim dividend of
16.25p per share (1999:5.6p per share)

71,124	24,703
--------	--------

Ordinary A and B shares - proposed final dividend
of 9.28 p per share (1999:10.7p per share)

40,623	46,894
--------	--------

111,747	71,597
=====	=====

7 Tangible fixed assets

Valuations

At 30 September 1999, FPD Savills revalued all land and buildings and these are included at a valuation of £3,240,000. The basis of the valuation used was open market value. The surplus arising was transferred to the revaluation reserve.

No provision has been made in the deferred taxation account for the estimated corporation tax that would be payable on disposal at this valuation because, in the opinion of the directors, these assets are unlikely to be disposed of in the foreseeable future.

The historical cost of land and buildings included at valuation is £2,582,874.
(1999 £2,577,797)

Investment Properties Long Leasehold land and Buildings

	£
Valuation and net book value At 1 October 1999	3,240,000
Additions during year	5,077

At 30 September 2000	3,245,077
	=====

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Notes to the financial statements for the year ended 30 September 2000

8 Debtors

	2000	1999
	£	£
Prepayments and accrued income	14,222	43,543
Amounts owed by group undertaking - University of Warwick Science Park Limited	32,706	22,714
Sundry debtors	12,524	14,073
	<hr/>	<hr/>
	59,452	80,330
	=====	=====

9 Creditors: amounts falling due within one year

	2000	1999
	£	£
Bank loans (see note 10)	69,000	69,000
Corporation tax	39,606	17,000
Social security and other taxes	10,227	8,114
Other creditors including:		
Retentions	-	19,774
Accruals	20,093	57,633
Proposed dividends	40,623	46,894
	<hr/>	<hr/>
	179,549	218,415
	=====	=====

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Notes to the financial statements for the year ended 30 September 2000

10 Creditors: amounts falling due after more than one year

	2000	1999
	£	£
Bank loans	502,000 =====	571,000 =====
Bank loan:		
Repayable by instalments		
Within one year	69,000	69,000
After one and within two years	69,000	69,000
After two and within five years	207,000	207,000
After five years	226,000	295,000
	-----	-----
	571,000 =====	640,000 =====

Interest on the bank loans is charged at a fixed rate of 9.7% per annum for the remaining original loan of £450,000 and 7.95% for the second loan of £190,000 over the life of the loans. The loans are repayable in equal annual instalments. The loans are guaranteed by the University of Warwick Science Park Limited.

11 Deferred taxation

Deferred taxation provided for and not provided for in the financial statements is set out below. The amounts unprovided represent contingent liabilities at the balance sheet date and are calculated using a tax rate of 30%.

	Amount provided		Amount unprovided	
	2000	1999	2000	1999
	£	£	£	£
Unrealised capital gains	-	-	152,000	178,000
Accelerated capital allowances	-	-	31,000	20,000
	-----	-----	-----	-----
	- =====	- =====	183,000 =====	198,000 =====

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Notes to the financial statements for the year ended 30 September 2000

			2000 £	1999 £
12 Share capital				
<u>Authorised</u>				
87,500	A Ordinary	£1 shares	87,500	87,500
350,001	B Ordinary	£1 shares	350,001	350,001
952,500	A Preference	£1 shares	952,500	952,500
550,000	B Preference	£1 shares	550,000	550,000
			<hr/>	<hr/>
			1,940,001	1,940,001
			=====	=====
<u>Issued called up and fully paid</u>				
<u>Warwickshire County Council</u>				
87,500	A Ordinary	£1 shares	87,500	87,500
952,500	A Preference	£1 shares	952,500	952,500
550,000	B Preference	£1 shares	550,000	550,000
			<hr/>	<hr/>
			1,590,000	1,590,000
<u>University of Warwick Science Park Limited</u>				
350,001	B Ordinary	£1 shares	350,001	350,001
			<hr/>	<hr/>
			1,940,001	1,940,001
			=====	=====

Rights of non-equity interests

A Preference Shares

- i entitle holders, in priority to the holders of ordinary shares, to a fixed non-cumulative preferential dividend at the rate of 1.5% per annum commencing 1 October 2009.
- ii. on a return of capital on a winding up, or otherwise, will carry the right to repayment of capital of £1 per share ranking after the B Preference Shares.
- iii carry no entitlement to notice of general meetings or rights to vote or participate in further profits.

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Notes to the financial statements for the year ended 30 September 2000

B Preference Shares

- i entitle holders, in priority to all other classes of shares, to a fixed non-cumulative preferential dividend at the rate of 1.5% per annum commencing 1 October 2009.
- ii on a return of capital on a winding up, or otherwise, will carry the right to repayment of capital of £1 per share in priority to all other classes of shares.
- iii carry no entitlement to notice of general meetings or rights to vote or participate in further profits.

13 Reserves

	Revaluation Reserve (See note 7) £	Profit and Loss Account £
At 1 October 1999	662,203	57,825
Retained profit for year	-	69,000
Revaluation surplus (adjustment)	7,395	-
	<hr/>	<hr/>
At 30 September 2000	669,598 =====	126,825 =====

14 Reconciliation of movements in shareholders' funds

	£ 2000	£ 1999
Profit for the financial year	180,747	121,597
Dividends	(111,747)	(71,597)
	<hr/>	<hr/>
Other recognised gains and losses	69,000	50,000
Revaluation Reserve adjustment	-	662,203
	7,395	-
	<hr/>	<hr/>
Net Increase in shareholders' funds	76,395	712,203
Shareholders' funds at 1 October 1999	2,660,029	1,947,826
	<hr/>	<hr/>
Shareholders' funds at 30 September 2000	2,736,424 =====	2,660,029 =====

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Notes to the financial statements for the year ended 30 September 2000

15 Capital commitments

The company had capital commitments contracted for at 30 September 2000 amounting to £NIL (1999 £NIL).

16 Contingent liabilities

There were no contingent liabilities at 30 September 2000 or 30 September 1999 except in respect of deferred taxation (note 11).

17 Related party transactions

The University of Warwick Science Park Limited has a management agreement with the company whereby it manages the company property. During the period, management charges totalling £37,388 (1999: £37,423) were paid. It is also committed to providing up to £150,000 (1999: £150,000) of working capital on a temporary loan basis during the initial stages of the company.

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Profit and loss account for the year ended 30 September 2000

	2000	1999
	£	£
Turnover	426,649	364,733
Operating expenses		
Administrative expenses	(45,343)	(68,045)
Establishment expenses	(114,226)	(102,715)
	<hr/>	<hr/>
Operating profit	267,080	193,973
Other income		
Interest receivable	5,249	4,889
	<hr/>	<hr/>
	272,329	198,862
Other expenses		
Debenture loan interest	(54,235)	(60,265)
	<hr/>	<hr/>
Profit on ordinary activities	218,094	138,597
	=====	=====

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Operating expense details Notes to the financial statements for the year ended 30 September 2000

Administration Charges

	2000	1999
	£	£
Management charges	37,388	37,423
Letting costs	880	5,476
Legal and professional	2,922	8,372
Audit fee	970	850
Marketing costs	3,052	70
Bank charges	131	307
Bad debts	-	15,547
	<hr/>	<hr/>
	45,343	68,045
	=====	=====

Establishment Charges

Service charge costs	110,579	94,995
Landlord's costs	3,647	7,720
	<hr/>	<hr/>
	114,226	102,715
	=====	=====