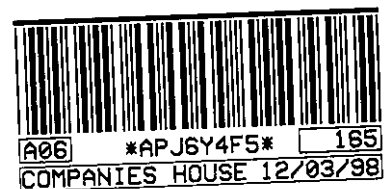


Company Number: 3205246

UNIVERSITY OF WARWICK
SCIENCE PARK INNOVATION
CENTRE LIMITED

Annual Report

For the period 23 May 1996 to
30 September 1997



UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

**Annual report
for the period 23 May 1996 to 30 September 1997**

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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 Whittenbury
Mr J D M Hearth
Councillor D A Forwood
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 period 23 May 1996 to 30 September 1997

The directors present their report and the audited financial statements for the period 23 May 1996 to 30 September 1997.

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 company was incorporated on 23 May 1996, and construction commenced during July. The Innovation Centre was finished and handed over during April 1997, with the first tenants moving in, within two weeks. Over the following five months further space was let, and at 30 September 1997, 70% of lettable space was occupied. Following the year end, further space was taken up and the building is now fully let. The loss incurred in the initial period reflects the cost of marketing activities and fees in disposing of space, together with interest payable on the loan taken to part finance construction.

The directors are confident that, with all lettable space now occupied, a satisfactory profit can be achieved in subsequent years.

Results and Dividends

The loss for the period amounted to £88,304. The directors cannot recommend the payment of a dividend.

Directors

The directors of the company at 30 September 1997, all of whom were appointed on 22 August 1996 are listed below. Mr D N E Rowe was appointed a director on 23 May 1996 and he resigned on 22 August 1996.

Name	Representing
Professor Sir B K Follett	University of Warwick Science Park Limited
Professor R Whittenbury	University of Warwick Science Park Limited
Mr J D M Hearsh	University of Warwick Science Park Limited

Mr K Thomas
Dr I D Nussey
Councillor D A Forwood

University of Warwick Science Park Limited
University of Warwick Science Park Limited
Warwickshire County Council

Directors' interests in the shares of the company

No directors held interests in the shares of the company at 30 September 1997, or at any time during the period.

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 offer themselves for re-appointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



G WOLFE
Secretary

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

We have audited the financial statements on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. 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 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 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
COVENTRY

25 February 1998

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Profit and loss account for the period 23 May 1996 to 30 September 1997

	Note	£
Turnover	2	45,476 =====
Operating Loss	2	(58,032)
Interest receivable and similar income		20,043
Interest payable and similar charges	4	(50,315) _____
Loss for the financial period		(88,304) =====
Statement of retained profits		
Loss for the financial period		(88,304) _____
Retained loss at 30 September 1997		(88,304) =====

There were no recognised gains or losses other than the loss for the financial period.

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 1997

	Note	£	£
Fixed assets			
Tangible assets	5		1,418,818
Current Assets			
Debtors	6	12,209	
Cash at bank and in hand		9,334	
		<hr/>	
		21,543	
Creditors: amounts falling due within one year	7	(28,664)	
		<hr/>	
Net current liabilities			(7,121)
			<hr/>
Total assets less current liabilities			1,411,697
Creditors: amounts falling due after more than one year	8		(500,000)
			<hr/>
			911,697
			=====
Capital and reserves			
Called up share capital	9		1,000,001
Profit and loss account			(88,304)
			<hr/>
Shareholders' funds			911,697
			=====

The financial statements were approved by the Board of Directors on 25 February 1998.

Director

B. K. Toole

Director

John H. H. H. H.

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

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED**Notes to the financial statements
for the period 23 May 1996 to 30 September 1997****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards. The principal accounting policies of the company are set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Fixed assets

Long leasehold buildings are stated at cost. It is the intention of the directors to revalue these assets every five years.

No depreciation is provided on long leasehold buildings as it is the company's policy to maintain these assets in a continual state of sound repair. The useful economic lives of these assets are thus so long, and residual values so high, that any depreciation would not be material. Residual values are based on prices prevailing at the date of acquisition or subsequent valuation. Provision is made in the profit and loss account for any permanent diminution in value.

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 period 23 May 1996 to 30 September 1997

2 Turnover and loss on ordinary activities

	£
Turnover	45,476
Administration expenses	(72,921)
Establishment expenses	(30,587)
	<hr/>
Operating Loss	(58,032)
	=====

Turnover consists entirely of sales made in the United Kingdom.

Loss on ordinary activities is stated after charging:-

	£
Auditors' remuneration	750
	==

3 Directors' emoluments

The directors received no emoluments from the company during the period and the company had no employees during the period. 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

	£
On bank loans and overdrafts	50,315
	=====

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Notes to the financial statements continued
for the period 23 May 1996 to 30 September 1997

5 Tangible fixed assets

	Long leasehold buildings	Depreciation	Net book Value
	£	£	£
Cost			
23 May 1996	-	-	-
Additions	1,418,818	-	1,418,818
	<hr/>	<hr/>	<hr/>
30 September 1997	1,418,818	-	1,418,818
	=====	=====	=====

6 Debtors

	£
Prepayments and accrued income	1,461
Other debtors	10,748
	<hr/>
	12,209
	=====

7 Creditors: amounts falling due within one year

	£
Other creditors including:	
VAT refund	2,071
Retentions	19,774
Accruals	6,819
	<hr/>
	28,664
	=====

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Notes to the financial statements

for the period 23 May 1996 to 30 September 1997

8 Creditors: amounts falling due after more than one year

	£
Bank loan	500,000
	=====
Bank loan:	
Repayable by instalments	
After one and within two years	50,000
After two and within five years	150,000
After five years	300,000

	500,000
	=====

Interest on the bank loans is charged at a fixed rate of 9.7% per annum over the life of the loan. The loan is repayable in equal annual instalments. The loan is guaranteed by the University of Warwick Science Park Limited.

£ £

Authorised

1,550,001
=====

Warwickshire County Council

<u>University of Warwick Science Park Limited</u>		
B Ordinary	£1 shares	250,001
		<hr/>
		1,000,001
		<hr/>

- 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 period 23 May 1996 to 30 September 1997

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.

10 Reconciliation of movements in shareholders' funds

£

Loss for the financial period and net decrease in shareholders' funds	(88,304)
Issue of shares	1,000,001
	<hr/>
Shareholders' funds at 30 September 1997	911,697
	=====

11 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 £16,154 were paid.

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Profit and loss account for the period 23 May 1996 to 30 September 1997

	£
Turnover	45,476
Operating expenses	
Administrative expenses	(72,921)
Establishment expenses	(30,587)
	<hr/>
Operating loss	(58,032)
Other income	
Interest receivable	20,043
	<hr/>
	(37,989)
Other expenses	
Debenture loan interest	(50,315)
	<hr/>
Loss on ordinary activities	(88,304)
	=====

UNIVERSITY OF WARWICK SCIENCE PARK INNOVATION CENTRE LIMITED

Operating expense details
for the period 23 May 1996 to 30 September 1997

Administrative Charges

	£
Management charges	16,154
Letting costs	19,587
Legal and Professional	2,592
Audit Fee	750
Marketing Costs	33,420
Bank Charges	366
Miscellaneous	52
	<hr/>
	72,921
	=====

Establishment Charges

Service Charge Costs	12,799
Landlord's Costs	17,788
	<hr/>
	30,587
	=====