



## Exeter City Council

An **EXTRAORDINARY MEETING OF THE COUNCIL** will be held at the **GUILDHALL, HIGH STREET, EXETER** on **TUESDAY 28 MAY 2024**, at 6.00 pm, at which you are hereby summoned to attend.

If you have an enquiry regarding any items on this agenda, please contact Mark Devin, Democratic Services Manager on 01392 265477.

The following business is proposed to be transacted:-

### 1 Public Questions

Details of questions should be notified to the Democratic Services Team at least three working days prior to the meeting - by 10am on Wednesday 22 May 2024.

Further information and a copy of the procedure with details about speaking at Council can be found here: [Public Speaking at Meetings](#).

### 2 Questions from Members of the Council Under Standing Order No. 8

Details of questions should be notified to the Democratic Services Manager by no later than 10am on Friday 24 May 2024.

### 3 Local Government (Access to Information) Act 1985 - Exclusion of Press and Public

To pass the following resolution:-

**RECOMMENDED** that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of Item 4a – Appendix 2, on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part I, Schedule 12A of the Act.

Pages

### 4 Exeter Science Park Limited - Conversion of debt to equity

To consider the report of the Director Finance.

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Part II: Appendix 2 suggested for discussion with the press and public excluded

a) Appendix 2 - Exeter Science Park Limited - Conversion of debt to equity

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Date: 17 May 2024

**Bindu Arjoon**  
**Chief Executive**

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## REPORT TO EXTRAORDINARY COUNCIL

Date of Meeting: 28 May 2024

Report of: Director Finance

Title: Exeter Science Park Limited – Conversion of debt to equity

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

Council

### 1. What is the report about?

1.1 To seek Members' approval of a range of proposals to enable Exeter Science Park Limited (ESPL) to deliver on its objective of providing high quality jobs to support the local region.

### 2. Recommendations:

2.1 It is recommended that Council agree to:

- 1) Reaffirm its support to Exeter Science Park as a driver for delivering high quality jobs to the local economy;
- 2) Authorise the section 151 officer to agree a conversion of the Council's outstanding loan to equity, in conjunction and on condition that each of the other owners agree to do the same. The conversion to include an obligation placed on the Company to buy back the shares, as and when land sales provide sufficient funds to do so;
- 3) The appointment of a Councillor to either act as Shareholder Representative with the section 151 Officer as an advisor, or a Councillor to support the section 151 Officer in the role of Shareholder Representative;
- 4) Authorise the section 151 Officer to support the implementation of the recommendations as set out in the recent review undertaken by Deloitte:
  - a) To develop a clear marketing and business development strategy;
  - b) To deliver a sustainable operating and funding model via cost reduction and a restructuring of the debt;
  - c) To improve the Governance by reviewing the Further Agreement and Reserved Matters; and
  - d) To secure an updated Local Development Order and start the process to bring in either a private sector investor or private sector developer to support delivery of the remainder of the science park.
- 5) Delegate authority to the Shareholder Representative to vote on matters arising at Shareholder meetings, where there is no financial implication for the Council. Matters reserved for Full Council will be:

- a) Decisions which have an impact on the financial position of the Council;
- b) Amendments to the Further Agreement and/or Reserved Matters;
- c) Approval of a Business Plan for the Science Park; and
- d) A decision to change the strategic direction of the Science Park.

### **3. Reasons for the recommendation:**

3.1 To put ESPL in a position where it can attract investment to continue to develop the Science Park in line with the objectives set by the owners.

3.2 To provide clarity to Council and the Company of the decision-making process that the Council will follow.

3.3 To enable the Company to have a clear direction for future development of the Science Park.

### **4. What are the resource implications including non financial resources**

4.1 There is no requirement for additional cash in the recommendations or any further resources required to implement the recommendations. If approved the Council will convert its unsecured loan, which was due for repayment in January 2025 with equity shares in the Company. Each of the four owners has a debt with the Company and all are proposing to adopt the same agreement. In reality this will require a move on the Balance Sheet from Debtors (an asset) to Long Term investment (an asset), so the Council's Balance Sheet will remain at the same value.

4.2 The costs associated with the other recommendations, including securing a new Local Development Order and Private Developer / investment will fall on the Company and the owners have ensured that sufficient funds have been left in the Company to deliver these critical pieces of work.

### **5. Section 151 Officer comments:**

5.1 ESPL has been successful over the last few years in attracting grant funding from the Local Enterprise Partnership (LEP) to deliver a number of new buildings at the Science Park. This has allowed the Company to get to scale (i.e., have enough income to fund its costs) albeit at a very high occupancy level. The four owners are public bodies, which do not have the funds to inject further investment into the Science Park, particularly at the scale required to fully develop out the Park. Therefore, a different approach is required to deliver on the objective of providing high quality jobs, whilst not relying on public funds to deliver. The winding up of the LEP without a clear alternative means that the potential for public funding is not clear and the owners do not want to see the Company take on further debt.

5.2 The proposals around Governance will enable Councillors to be clear on their role in delivering their objective. Being clear on when decisions are taken at Council will ensure that the process is managed smoothly. It is intended that at least an annual report will be issued to Council on progress.

## **6. What are the legal aspects?**

6.1 The land on which the Science Park lies was purchased by the Regional Development Agency (a Central Government Organisation responsible for supporting economic development in the regions) and granted to Devon County Council (DCC). The agreement includes a range of obligations limiting the use of the land for the purposes of a Science Park only and preventing the owners from profiting from the Science Park.

6.2 The Company operates under a Shareholder Agreement and Further Agreement last updated in 2013.

6.3 The Company operates in line with the Companies Act 2006 and has a number of independent Directors, including the Chair and four Directors nominated by the owners (one each).

6.4 Exeter City Council provided a loan £1 million to ESPL in January 2015. The principal amount plus interest is due to be paid back to the Council on the tenth anniversary of the loan in January 2025. The total amount of debt owed by ESPL to the Council is £1,238,966 (principal amount plus interest). There is no security for the loan. The Council is an unsecured creditor. ESPL is unable to repay the loan when it falls due in January 2025. The Council could seek to take enforcement action against ESPL to recover the loan. However, this would be likely to undermine the viability of the company and deter potential investors. By converting the loan to equity in the form of shares in the Company, the Council arguably improves the security for the money it is owed given that the assets of the Company presently exceed its liabilities. However, this process will result in the Council holding a smaller share of the Company and the amount owed to the Council will no longer attract interest. If the Company subsequently became insolvent and was wound up, the Council would be entitled to a share of the assets of the Company. Whether this would be sufficient to repay the Council all or part of the money it is owed in the future is necessarily a matter of speculation and will be dependent upon the Company's liabilities in the future.

6.5 The proposals set out in this report aim to put ESPL into a stronger financial position. Provided the proposals are successful, then the additional shares held by the Council will be repaid in order to reimburse the amount owed. There is no indication as to when payment will be made.

## **7. Monitoring Officer's comments:**

7.1 Members will note that the purpose of the recommendations in this report are put forward with the intention of enabling Exeter Science Park Limited to continue as a going concern in order to deliver on its primary objective of providing high quality jobs to support the regional economy. This requires Members to take a long-term view on the aims and ambitions of the owners of Exeter Science Park Limited. The proposals to repay the sums owed to the Council are necessarily speculative at this point and the financial viability of the Company is likely to be dependent on it attracting further investment.

7.2 Members will need to strike a balance between the importance to the regional economy in maintaining Exeter Science Park Limited as a going concern and the Council's fiduciary duty to recover and preserve its funds.

Simon Copper – Deputy Monitoring Officer.

## 8. Report details:

### 8.1 History

Delivering a Science Park in the City has long been an ambition of the City Council. The problem being that there was not sufficient land within the boundary to deliver the scale required. In 2008, the RDA purchased land to the east of junction 29 and gifted it to DCC to allow the delivery of a Science Park.

Working with Partners (ECC, East Devon District Council, the University of Exeter and initially the Met Office) plans were developed to start the delivery of a Science Park in this location. It was determined that the best vehicle for delivery was through a Company (ESPL) and four of the Partners agreed to set up and own the Company (the Met Office withdrew around this time). Under the agreement with the RDA (which transferred to what is now Homes England), they were allowed observer status and the owners have to report back to them on progress.

Each of the owners invested in the Company (ECC's initial investment was £675,360 and the shareholder percentages were as follows:

Owner	Percentage
DCC	49.99%
University Of Exeter	21.43%
ECC	21.43%
EDDC	7.15%

The challenge was that there were insufficient funds to deliver any building and the entire strategy was developed to deliver land sales to build out the Science Park. This strategy proved challenging to deliver for three reasons. Firstly, there is a reason that Science Parks are owned by the Public Sector and that is because in their infancy they do not make money and it tends to take longer than the private sector would like to deliver a profitable model. Therefore, there was no appetite for Developers to purchase land. Secondly, Companies in the Science sector, particularly new and startup Companies want a ready built building to lease. Thirdly, as the land was owned by DCC, all sales would provide capital receipts which could only be used to fund capital projects and not to fund the running costs of the Company.

Additionally, the Science Park needed a Centre, which offered start up office and lab space, business support, a reception, café, and meeting rooms to underpin the whole Park. These buildings are the least profitable as they have a significant amount of space which does not make money.

A different strategy was required, but without funding, the owners were unable to deliver any building. The introduction of the LEP provided an opportunity to deliver funding to develop the Science Park Centre and they provided a loan of £4.5 million from the Growing Places Fund, for which they required a guarantee from the owners. The £4.5 million was insufficient to deliver the Centre and the intention was to use the shareholder funds to complete the building. That left the problem of there being no income in the Company to cover running costs, so the four owners agreed an approach whereby DCC and the University of Exeter would guarantee the LEP loan and ECC and EDDC would provide a loan of £1 million each to enable the Centre to be delivered and free up the Shareholder Funds to cover the costs of running the Company.

A further equity investment was made by the owners in the middle of the decade which increased the Councils shareholding by £199,940 taking the total to £875,300. This was not uniform across the owners and resulted in the current shareholdings:

<b>Owner</b>	<b>Original Percentage</b>	<b>Updated Percentage</b>
DCC	49.99%	46.02%
University Of Exeter	21.43%	15.35%
ECC	21.43%	19.88%
EDDC	7.15%	18.75%

Over the next few years, the LEP provided further grants (not loans) to allow the Company to build three further buildings, which have supported the Company getting to a position where its income covers its costs (albeit at a high occupancy level). It did not provide sufficient income however to address the loans outstanding to the LEP, ECC and EDDC. Alongside this, land was sold to Zeal Hotels in order to deliver a hotel in front of the Science Park Centre.

Covid has had an impact of occupancy levels as Companies change their working methods and occupancy has reduced to under the level required to break even. This is principally down to the Environment Agency not renewing their lease for the Covid testing Lab in one of the buildings. Occupancy is set out in section below.

The LEP loan was due in October 2023, although a number of extensions have been agreed. Before the LEP was wound down, it called the loan and whilst the Company will contribute up to £750,000, DCC and the University will have to cover the rest under the terms of the guarantee and then convert this to a loan.

Therefore, the Company is in a position of having debts owed to each of its owners with little prospect of repayment by the due dates.

## **8.2 Proposed conversion of debt to equity**

In order to provide a clear direction for the Company and the Science Park's future, the owners have considered how best to address the debts owed to them by ESPL. The owners are clear, and in agreement, that they all expect to recover the funds from the

Company as and when there are sufficient funds available but acknowledge that this will require a clear commitment to the Company to enable this to happen.

In order to facilitate this a review of ESPL has been commissioned, paid for by ESPL and delivered by Deloitte. They have made a number of recommendations, which are discussed in further detail below. Most importantly is ensuring that the Company is sufficiently strong financially to attract further investment or a development partner. Therefore, it is proposed that all four owners convert their loans to equity, but crucially with an obligation on the Company to buy back the shares (and destroy them) as and when there are sufficient funds available to do so. Additionally, in order to maintain their shareholding percentage DCC are proposing to supply a piece of land they acquired in a land swap deal with Eagle One (with a value of £1.5 million).

This is an equitable solution but will impact on the shareholder percentages as the amount of debt held by the University and DCC is higher than the amount owed to ECC and EDDC.

It is proposed therefore that ECC converts its debt totalling £1,238,966 (principal plus interest) to equity along with the other three owners. The shareholdings post transfer will approximately be:

<b>Owner</b>	<b>Updated Percentage</b>	<b>Proposed Percentage</b>
DCC	46.02%	45%
University Of Exeter	15.35%	24%
ECC	19.88%	15%
EDDC	18.75%	15%

### **8.3 Shareholder Representative**

The Section 151 Officer has acted as the Shareholder Representative for the Council since 2018. The Shareholder Representative is responsible for looking after the Council's interests as an Owner. It is not responsible for the running of the Company. At ECC it has always been an Officer of the Council and there is no formal Councillor appointed. The other owners have appointed as following:

- East Devon – Portfolio Holder with officer as advisor;
- DCC - Officer with Portfolio Holder as support; and
- Uni - Finance Director

Therefore, it is common for there to be a democratically elected member involved in the decision-making process, even when there are no significant implications for the Council as owner.

The Council also appoints a nominated Director, who is acting in the interests of the Company rather than the Council. Again, the Council has appointed an Officer to undertake this role, currently the Service lead – Net Zero & Business. This is the same as DCC and the University who have also appointed Officers. EDDC are the exception,

having a Councillor as their serving Director. It is important to note that the Officer may have to vote for things that may be in the interests of the Company but not necessarily in the interests of the Council.

#### **8.4 Current Performance of ESPL**

The Science Parks latest published accounts demonstrate the solid performance of the Company. In the year ended 31 March 2023, Turnover was £1.440m although there was a small loss for the year of £2,500. The Balance Sheet is positive With Net Assets of £5.9m, which will be significantly strengthened if the proposal for the debt-to-equity conversion is approved. Members should be comforted that the Fixed Assets of the Company are higher than the total equity investment of the four owners. The latest Accounts are attached at Appendix 1.

In terms of lettable space, there is 68,207sq ft at the Science park and occupancy levels have reduced over the past 4 years from 96% down to 70% currently. This underpins the recommendation to strengthen the marketing and business development elements of the Science Park. ESPL requires occupancy in excess of 80% to break even presently and therefore this needs to be a priority.

#### **8.5 Review of the Company**

In order to provide a clear direction for the Company and to ensure all four owners were aligned in the objectives, a review of the Science Park was commissioned and Deloitte were appointed. Whilst the report is confidential, it is attached as a Part 2 Appendix for Members and the key recommendations are set out in the body of this Part 1 report for approval.

As a first step, the owners have agreed to adopt the UK Science Park Association's interpretation of Gateway Policies (which govern the types of Business allowed on the Park) to allow support businesses (such as Accountants and Lawyers to take up to 10% of the space and support the Science Companies in the delivery of their business.

Fundamentally, as the owners have their own financial limitations, the scope for the further development of the park will be dependent on attracting private sector support. This is most likely to be in the form of a development partner with an option to buy land to develop as new business are attracted. They would then buy the land, develop, and let the buildings, with the Company receiving funds from the sale of the land. These funds would then be used to buy back the share acquired in the debt-to-equity conversion. This will provide the most cost-effective opportunity to develop out the Park to its full capacity.

The first step is to adopt a new Local Development Order to support the Planning process at the Park and funds have been set aside to allow this to commence.

The other recommendations focus on business sustainability, improving Governance and developing the Marketing and Business Development for the Science Park as set out in the Recommendations. The Deloitte report is attached as Appendix 2 (Part 2).

#### **8.6 Conclusion**

The Science Park has come a long way since its inception and has delivered around 750 jobs, approximately £52.5 million GVA per annum and four significant buildings. The University also have a Building on the Science Park and the Met Office have two.

The proposals in this report will allow the Science Park to have a real opportunity to develop out the rest of the Park without financially impacting the owners to deliver the planned 3,500 jobs.

## **9. How does the decision contribute to the Council's Corporate Plan?**

The decision supports our prosperous local economy priority by delivering high quality jobs in the region.

## **10. What risks are there and how can they be reduced?**

10.1 The greatest risk is failure of the Company, but the recommendations set out in the report attempt to minimise this risk. The proposal to convert an unsecured loan to equity, which is backed by a strong asset base actually leaves the Council in a better position so long as the Company is viable.

10.2 Whilst the approach proposed will provide a pathway to recovery of our funds, there is a risk that a Private Developer will be unsuccessful in attracting businesses, meaning that there are no land sales. In reality if this occurred, the owners would simply revert to owning the land and be in no better or worse situation.

## **11. Equality Act 2010 (The Act)**

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation, and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies, and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage, and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because the report provides recommendations for the Council as an owner of the Business.

## **12. Carbon Footprint (Environmental) Implications:**

12.1 No direct carbon/environmental impacts arising from the recommendations.

## **13. Are there any other options?**

13. There are two alternatives. The owners could maintain and extend the repayment date for the existing loan facilities. This would maintain the current position but make the Company unattractive for new investment. Alternatively, the owners could seek to recover their funds by either selling the Company, or individual buildings. These options may well recover the funds but would reduce the opportunity to secure a long term fully developed Science Park.

**Director Finance, Dave Hodgson**

Author: Director Finance, Dave Hodgson

## **Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:-

None

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Company registration number: 06828415

**Exeter Science Park Limited**  
**Annual Report and Financial Statements**  
**31<sup>st</sup> March 2023**



## **EXETER SCIENCE PARK LIMITED**

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## **EXETER SCIENCE PARK LIMITED**

### **Statement from our Chairman**

As we reflect on the past financial year we are pleased with the progress and achievements we have made against a challenging and sometimes volatile economic backdrop.

At times we have had to navigate through difficult waters, indeed, the first three quarters of this financial year, and in particular the period of instability following the ill-fated micro budget in December, were extremely testing for us and many of our clients.

However, as demonstrated by the following pages of this document, we have achieved a great deal through a period of change and uncertainty and we have weathered the storm, thanks to resilience in our team, the support of our partners, and the high quality, innovative organisations who call Exeter Science Park their home.

We have now completed the first of five clusters on our 64-acre site and work has begun on a new sustainable 143-room hotel that will be branded jointly by Zeal Hotels and the Intercontinental Hotel Group. This will strengthen the Science Park as a go-to destination and the obvious synergies will bring even more choice and amenities for businesses and organisations based at the Park, as well as those visiting our city.

There is a real sense of community and collaboration between our businesses and organisations - something we have always been keen to nurture and prioritise, alongside our sustainable aims. We continue to strive to build on our achievements and fulfil our ambitions to create a sustainable Science Park, contributing to the south west economy and focused on supporting innovative STEM companies to deliver extraordinary growth.

### **Statement on activities and strategy from our Chief Executive Officer**

#### **OUR COMMITMENT TO NET ZERO**

Sustainability is at the heart of Exeter Science Park; both the Ada Lovelace and George Parker Bidder Buildings are net zero carbon. The Park has the infrastructure to support up to 100 electric vehicle charge points and we are also the location of Devon County Council's Park and Change Site, providing parking for up to 300 vehicles and enabling commuters to choose sustainable methods of transport to continue their journeys into the city.

Our buildings are equipped with cutting-edge energy-efficient technologies, such as LED lighting, smart climate control systems, and advanced insulation. March 2023 saw the installation of 30kW Solar PV on the Science Park Centre roof. In addition to this, we installed LED lighting throughout the Science Park Centre building, which is anticipated to improve our EPC rating to A.

This year we joined the Devon Climate Emergency Response group and endorsed the group's declaration which sets out an ambition to tackle climate change across Devon. The group's objectives are: 'to create a net-zero carbon Devon, with its environment and communities resilient to the effects of inevitable climate change'.

#### **NET ZERO CONFERENCE HAILED A SUCCESS**

The challenges of climate change were tackled when we staged our first Net Zero Carbon Conference, in partnership with the University of Exeter in September 2022.

The event, which attracted delegates, entrepreneurs, investors, and speakers from across the south west and further afield, focused on five of the UN's 17 Sustainable Development Goals.

Delegates heard from a diverse range of speakers, including representatives from the University of Exeter, Exeter City Council, Remit Zero, Crop Kestrel, City Science UK, Quanterra Systems, Global City Futures,

## Statement on activities and strategy from our Chief Executive Officer (continued)

Exeter College and Smarti Environmental, amongst others. Representatives from Exeter City Council, Devon County Council and East Devon District Council all spoke about their respective council's plans to achieve net zero.

Delegates were also the first to hear about exciting plans for the new 'mindfully modern' sustainable 143-room hotel, which is being developed by Zeal Hotels at Exeter Science Park and is due to open in December 2024.

### OUR GROWING COMMUNITY

We welcomed five new businesses to the Park this year.

These were:

- **STANTEC LTD** Global leader in sustainable design and engineering services.
- **SMARTI ENVIRONMENTAL** An innovative company which has developed waterless urinal technology.
- **EXETER EYEWEAR** A company developing solutions to eyewear for children and people with facial dysmorphias.
- **AQUA CONSULTANTS** A consultancy which provides professional services and advice for clients in the water, energy and environmental sectors.
- **MANHIRE ASSOCIATES LTD** Engineering consultancy services.

Diagnexia, a global digital pathology department with a network of expert pathologists, marked the expansion of its operations at Exeter Science Park with a celebration event in March 2023. The expansion tripled the company's capacity and created 30 new high value jobs for the region.

At the opening event, Dr Donal O'Shea, chief executive of Diagnexia UK Limited, said: "We are delighted to expand our presence in Exeter, a city that has consistently demonstrated its commitment to innovation and growth in the healthcare sector. Our new facility at Exeter Science Park will enable us to better serve our clients across the UK and beyond, while also providing valuable employment opportunities for the local community."

### A WARM WELCOME

The ethos and spirit of community at Exeter Science Park were key factors in Stantec opening its regional office here in July 2022.

Sally Walters, Stantec operations director, west, said: "We have been welcomed into the Science Park community with open arms. The support from the Science Park team, as well as the community here, has been great. The facilities in the offices, as well as the wider park are fantastic.

"Moving to Exeter Science Park was a very intentional move for Stantec. The whole ethos and spirit of the park, aligned directly with Stantec's values and our visions. We are truly passionate about being defined by what we stand for. It is our purpose, to make a difference in the world by creating communities. Being part of the Science Park community, which is also passionate about the environmental credentials, as well as creating and connecting communities in the STEMM business world, seemed a natural fit for our key regional office.

"I would highly recommend any business that is considering the Science Park as a location to just come and explore the facilities, meet the teams, and the communities here. Once you have seen the facilities and spoken to the team, you won't regret any decision to move."

## **Statement on activities and strategy from our Chief Executive Officer (continued)**

### **HUGE GROWTH FOR COMMUNITY SPACE**

Our Community Space, which entails our café, meeting rooms, events and conferencing facilities - including the Dome - saw incredible growth this year, with income increasing by 66% in 2022/23, compared to the same period last year.

We have also developed our co-working space to meet the changes in people's working patterns, in particular, the shift to hybrid working. We've welcomed a diverse range of organisations over the last year who have utilised our excellent space, including the Bank of England, the University of Exeter, Exeter Chamber of Commerce and South West Water.

We were pleased to host an event to mark the retirement of Exeter City Council chief executive Karime Hassan, who has been a fantastic advocate for Exeter Science Park during his tenure.

### **THE POWER OF PARTNERSHIPS**

Two desks in our newly developed co- working space are now available for use by members of Exeter Chamber of Commerce and Tech South West.

We have hosted visits from the Donna Manson, the new chief executive of Devon County Council, and MPs Ben Bradshaw and Simon Jupp, which provided an opportunity to demonstrate the incredible work which is being done by organisations based at Exeter Science Park.

### **SUPPORTING STEMM SUCCESS**

Over the year we have sponsored awards which align with our vision to grow a STEMM community in the south west, contributing to productivity and delivering high value jobs in our region.

In partnership with Plymouth Science Park, we sponsored two awards during the year, consisting of the award for tech company of the year at the Tech South West Awards in November 2022 and the women in health category at the West Country Women Awards in December of the same year. We also sponsored the Exeter College award for academic excellence in January 2023 and supported Sidmouth Science Festival.

### **AN AWARD-WINNING PARK**

We were delighted to win the integration and collaboration award for the George Parker Bidder Building at the Construction Excellence SW Awards in September 2022.

The award recognised the strength of collaboration on the project with our construction partners - Morgan Sindall, South West Norse, LHC Design, Southern Construction Framework, Clarke Bond, Grainge Architects and SD Solution UK.

We were also pleased to be shortlisted for the Civic and Sustainability Award at the Exeter Property Awards in October 2022.

### **CEREMONY MARKS OPENING OF GEORGE PARKER BIDDER BUILDING**

June 2022 saw the official opening of the £5 million George Parker Bidder building, built to net zero carbon standards and supporting more than 100 jobs.

The 14,000 square foot centre, named after the Moretonhampstead-born civil engineer and mathematical prodigy, provides high-quality office and laboratory space for maturing STEMM businesses.

Tenants of the new building include Remit Zero, Securious, Edson Tiger, Rx- info, Quanterra Systems, Concept First and Klarian, companies that have all moved from the Science Park Centre to embark on the next stage of their growth.

## **Statement on activities and strategy from our Chief Executive Officer (continued)**

Former chairman of the Forestry Commission, Sir Harry Studholme, and Lady Lucy Studholme, former High Sheriff of Devon, joined us for the planting of a Japanese Green Vase tree to celebrate the Queen's Platinum Jubilee and the official opening of the space. Chosen for its capacity to store carbon, the tree, also known by its Latin name *Zelkova serrata*, has an 'A' rating in carbon efficiency, further contributing to the Park's net zero aspirations.

Over its anticipated ideal lifespan, the Japanese Green Vase tree will sequester approximately 5,341kg of carbon, giving the tree an 'A' rating in carbon efficiency.

### **SUPPORTING THE TECH COMMUNITY**

In March 2023 we were pleased to host the Tech South West team for their 'Ones To Watch' day.

Scaleup companies from the Ones To Watch programme gathered at the Science Park for a bustling day of knowledge sharing, workshops and networking held in various parts of our conferencing suite including; the Dome, our Atrium and meeting spaces.

The Ones To Watch programme showcases some of the region's most exciting growing tech organisations, and connects them with the resources and know-how to reach their next stage of growth. Three Science Park-based companies - Intelligent AI, Klarian and Securious have all been selected as Ones to Watch for 2023.

### **AFRICAN LEADER TAKES INSPIRATION FROM SCIENCE PARK VISIT**

The visit of Her Royal Highness Queen Diambi Kabatusuila from the Democratic Republic of Congo, in February 2023 provided the perfect opportunity to showcase the solutions to global sustainability challenges which are being developed here at Exeter Science Park.

During her visit, Queen Diambi, who is International President of the South West Business Council, met leaders and business people from across the region and took part in a round table discussion focused on ocean plastics. She then toured the Park and spent some time talking to businesses based here.

She said: "I have really enjoyed being here and speaking to all these business leaders of the community and seeing the immense efforts they are doing relating to environment issues...it has been breath-taking and refreshing at the same time. I love the fact I have learned so much about these developments and how they can also benefit the African continent and that is very exciting."

## DIRECTORS REPORT

The directors present their report and the financial statements of the company for the year ended 31 March 2023.

### OUR MISSION

Exeter Science Park helps innovative STEM (Science, Technology, Engineering, Mathematics and Medicine) companies to deliver extraordinary growth.

### ABOUT US

Exeter Science Park Ltd (ESPL), the park developer has four shareholders: Devon County Council, the University of Exeter, East Devon District Council, and Exeter City Council. Its two strategic partners are the Heart of the South West Local Enterprise Partnership and the Exeter and East Devon Enterprise Zone.

The building of the Science Park Centre was made possible with shareholder equity from Devon County Council, East Devon District Council, Exeter City Council, the University of Exeter; the Heart of the South West Local Enterprise Partnership (HotSW LEP) which committed £4.5m loan from the Growing Places Fund; and a £1 million grant from the Regional Growth Fund.

Exeter Science Park's Grow-on Buildings are partly funded by £4.5m from the HotSW LEP Growth Deal Funding. The HotSW LEP has also provided £2.5m local Government funding towards the Environmental Futures Campus and £5.5m towards the Open Innovation Building, which will bring forward 20,000 sq ft of space for growing small and medium sized enterprises.

The Ada Lovelace Building is partly funded by £5.5 million from the Heart of the South West Local Enterprise Partnership's Growth Deal Funding. East Devon District Council's Cabinet has invested £1.1m in the development of the building in conjunction with Devon County Council as part of the Exeter and East Devon Enterprise Zone programme.

Funding for the £5million George Parker Bidder Building was secured in August 2020 from the Government's 'Getting Building Fund' and allocated to Exeter Science Park by the Heart of the South West Local Enterprise Partnership (HotSW LEP) from its £35.4 million share of the national pot.

### DEVELOPING OUR TEAM

This year we've welcomed a number of people to our executive team and developed other roles at Exeter Science Park.

Carrie Piper joined us in July 2022 as head of finance and support services, with responsibility for the overall management of the Park's financial operations. A chartered management accountant, Carrie works closely with the chief executive and senior leadership team and collaborates with the board, shareholders, partners and other stakeholders to support the Park and its tenants in their continued growth.

Matt Roach joined Exeter Science Park as head of operations in December 2022. Chartered accountant, Matt, who was formerly managing director of Exeter Airport for nine years, leads on the operational aspects of Exeter Science Park and works collaboratively to develop and implement the organisation's strategy for growth.

Jason Buck joined our team as senior business development manager in March 2023. He previously managed the inward investment function at the TDA, Torbay Council's Economic Development Company, where he worked on expansion and location projects for hi tech, med tech and advanced manufacturing companies. Jason leads on maximising occupancy across the Park, promoting our event and conferencing facilities, and leading the development of new products and services for park businesses.

We've also welcomed Exeter City Council officer Victoria Hatfield, to our board of directors. Victoria is the service lead for net zero and business, leading on delivering net zero for Exeter City Council and manages its extensive car park estate.

## **DIRECTORS REPORT (continued)**

In addition to the above appointments, David Morgan was promoted to client services team leader and Richard Northcott was appointed to the position of front of house assistant. Anne Beadon joined the team in a maternity cover role as executive assistant to the chief executive.

### **Directors**

The directors who served the company during the year were as follows:

Mr R S N Ames

Dr S Basker

Mr P C Chivers

Ms K A Denton

Mrs J G Dumeresque

Mr P G Hayward

Mr R Knight

Mr D G Richardson

Mr D N E Rowe

Dr A Wissenburg

Ms J J Yelland

(Resigned 31<sup>st</sup> March 2023)

### **Governance**

The board is responsible for the company's long-term objectives and strategy with the aim of generating and preserving value. In carrying out its responsibilities the board considers opportunities and risks to the future success of the business, the sustainability of the business strategy and the company's governance. The independent non-executive directors are responsible for bringing independent judgement to discussions held by the board, using their breadth of expertise to constructively challenge and help develop proposals on strategy.

The board is supported in its governance role through the establishment of various committees. These committees provide specialist expertise and recommendations that are fed through to full board meetings. Committees are held quarterly in advance of a full board meeting.

The following committees are in place:

- Finance, Audit and Risk
- Business Development and Client Services
- Remuneration
- Property
- Nominations
- Joint Innovation Policy

### **Going concern**

The Directors are required to consider whether the company will continue as a going concern for a period of 12 months from the signing of the accounts.

In making the assessment the Directors have reviewed the corporate plan and budgets and considered risks that could impact the businesses capital, financial and liquidity position over that period. The Directors have also reviewed forecasts prepared using stressed but plausible operating conditions for a period in excess of 12 months after the date of approval of these financial statements. In their review they have taken into consideration the increase in cash levels since the year end following the receipt of £2.05m on 26th October 2023 relating to the proceeds of a land sale (Note 16).

## **DIRECTORS REPORT (continued)**

The Directors note that despite the Balance Sheet reporting negative current assets that this is the result of one of its loans having a maturity date within the next 12 months. The Directors continue to have discussions with the lender with regards to rescheduling the payment date of this loan. Directors have in addition taken measures to confirm with both guarantors that should no agreement be reached on rescheduling the repayment date that the guarantors are in a position to honour their guarantees (Note 11).

The Board therefore continues to adopt the going concern basis of accounting in the preparation of these financial statements.

### **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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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.

### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been appointed in accordance with section 487 of the Companies Act 2006.

### **THANK YOU**

Many people and organisations contribute to the success of Exeter Science Park. Thank you to all of our shareholders and the Heart of the South West LEP for their support.

Thank you also to our non-executive board members, who give their time and knowledge so generously, and play a crucial role in the ongoing development of Exeter Science Park.

**DIRECTORS REPORT (continued)**

**Small company provisions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 14th December 2023 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'R S N Ames', written over a horizontal line.

Mr R S N Ames  
Director

## **EXETER SCIENCE PARK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXETER SCIENCE PARK LIMITED YEAR ENDED 31 MARCH 2023**

#### **Opinion**

We have audited the financial statements of Exeter Science Park Limited (the 'company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other Information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **EXETER SCIENCE PARK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXETER SCIENCE PARK LIMITED YEAR ENDED 31 MARCH 2023 (CONTINUED)**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained during the audit, we have not identified material misstatements in the directors' report.

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 the 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the sector, control environment and the Company's performance;
- results of our enquiries of management and the Directors, about their own identification and assessment of the risks of irregularities;

## EXETER SCIENCE PARK LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXETER SCIENCE PARK LIMITED YEAR ENDED 31 MARCH 2023 (CONTINUED)

- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut-off. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We identified and obtained an understanding of the laws and regulations that are of significance to the Company by discussions with directors and by updating our understanding of the sector in which the Company operated in. Laws and regulations that are of direct significance to the Company, and of which non-compliance could result in material misstatement, are considered to be the UK Companies Act, FRS 102 and UK tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included health and safety regulations and employment legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of Directors and management concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the above regulations;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of Director meetings; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

**EXETER SCIENCE PARK LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXETER SCIENCE PARK LIMITED  
YEAR ENDED 31 MARCH 2023 (CONTINUED)**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Use of our report**

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 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.

*Bishop Fleming LLP*

Mark Munro (Senior Statutory Auditor)

For and on behalf of:  
Bishop Fleming LLP  
Chartered Accountants  
Statutory Auditors  
2nd Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS

Date: *15/12/23*.....

**STATEMENT OF COMPREHENSIVE INCOME  
YEAR ENDED 31 MARCH 2023**

		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>£</b>	<b>restated</b>
		<b>£</b>	<b>£</b>
<b>Turnover</b>		1,439,844	1,275,275
Cost of sales		(355,716)	(252,041)
<b>Gross profit</b>		<u>1,084,128</u>	<u>1,023,234</u>
Administrative expenses		(1,054,381)	(1,014,075)
Other operating income		1,288,754	5,716,324
<b>Operating profit</b>		<u>1,318,501</u>	<u>5,725,483</u>
<b>Exceptional costs - impairment</b>	5	(994,079)	(2,617,341)
Other interest receivable and similar income		0	2
Interest payable and similar expenses	14	(338,113)	(274,885)
<b>Profit / (loss) before tax</b>	5	<u>(13,691)</u>	<u>2,833,259</u>
Tax on profit	6	11,126	(1,068,919)
<b>Loss for the financial year</b>		<u>(2,565)</u>	<u>1,764,340</u>

All the activities of the company are from continuing operations.

The notes on pages 17 to 24 form part of these financial statements.

**EXETER SCIENCE PARK LIMITED**

**COMPANY NUMBER 06828415**

**STATEMENT OF FINANCIAL POSITION  
YEAR ENDED 31 MARCH 2023**

		2023	2022 restated
	Note	£	£
<b>Fixed assets</b>			
Intangible assets	7	13,756	14,660
Tangible assets	8	18,021,280	18,889,775
		<u>18,035,036</u>	<u>18,904,435</u>
<b>Current assets</b>			
Debtors	9	598,743	1,081,904
Cash at bank and in hand		276,427	289,394
		<u>875,170</u>	<u>1,371,298</u>
<b>Creditors: Amounts falling due within one year</b>	10	<u>(5,688,084)</u>	<u>(784,313)</u>
<b>Net current assets</b>		<u>(4,812,914)</u>	<u>586,986</u>
<b>Total assets less current liabilities</b>		13,222,122	19,491,421
<b>Creditors: Amounts falling due after more than one year</b>	11	(5,028,644)	(11,284,252)
<b>Provision for liabilities</b>	17	(2,264,013)	(2,275,139)
<b>Net assets</b>		<u>5,929,464</u>	<u>5,932,029</u>
<b>Capital and reserves</b>			
Called up share capital		4,401,100	4,401,100
Profit and loss account	6	1,528,364	1,530,929
<b>Shareholders funds</b>		<u>5,929,464</u>	<u>5,932,029</u>

See Statement of Changes in Equity on page 15 for reconciliation of profit and loss annual movement.

The notes on pages 16 to 23 form part of these financial statements.

**EXETER SCIENCE PARK LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)  
31 MARCH 2023**

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standards applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 14th December 2023 and were signed on behalf of the board by:



**Mr R S N Ames  
Director**

Company registration number: 06828415

The notes on pages 16 to 23 form part of these financial statements.

**EXETER SCIENCE PARK LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 31 MARCH 2023**

		Called up share capital	Profit and loss account	Total
		£	£	£
At 1 April 2021 (as previously stated)		4,401,100	564,946	4,966,047
Prior year adjustment	6	-	(798,358)	(798,358)
At 1 April 2021 (as restated)		<u>4,401,100</u>	<u>(233,412)</u>	<u>4,167,689</u>
Profit for the year (as previously stated)			2,084,979	2,084,979
Prior year adjustment	6	-	(320,639)	(320,639)
At 31 March 2022 and 1 April 2022 (as restated)		<u>4,401,100</u>	<u>1,530,929</u>	<u>5,932,029</u>
Loss for the year		-	(2,565)	(2,565)
At 31 March 2023		<u><u>4,401,100</u></u>	<u><u>1,528,364</u></u>	<u><u>5,929,464</u></u>

## EXETER SCIENCE PARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

#### 1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Science Park Centre, 6 Babbage Way, Exeter, EX5 2FN.

#### 2. Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A, "The Financial Reporting Standards applicable in the UK and Republic of Ireland".

#### 3. Accounting policies Basis of preparation

The financial statements have been prepared on the historical cost basis, and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome.

#### Going concern

The Directors are required to consider whether the company will continue as a going concern for a period of 12 months from the signing of the accounts.

In making the assessment the Directors have reviewed the corporate plan and budgets and considered risks that could impact the businesses capital, financial and liquidity position over that period. The Directors have also reviewed forecasts prepared using stressed but plausible operating conditions for a period in excess of 12 months after the date of approval of these financial statements. In their review they have taken into consideration the increase in cash levels since the year end following the receipt of £2.05m on 26th October 2023 relating to the proceeds of a land sale (Note 16).

The Directors note that despite the Balance Sheet reporting negative current assets that this is the result of one of its loans having a maturity date within the next 12 months. The Directors continue to have discussions with the lender with regards to rescheduling the payment date of this loan. Directors have in addition taken measures to confirm with both guarantors that should no agreement be reached on rescheduling the repayment date that the guarantors are in a position to honour their guarantees (Note 11).

The Board therefore continues to adopt the going concern basis of accounting in the preparation of these financial statements.

#### Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue is generated from: lease of space (offices and/or laboratories) to tenants; provision of services to tenants; room rental and catering services for meetings and events; food and beverage sales from the Science Park Centre café.

## EXETER SCIENCE PARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

Rent for leased spaces is recognised according to the period of occupancy in the financial year. Income from meetings/events is recognised according to the date the event took place. Income from the café is recognised on the day of the sale.

#### **Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### **Intangible assets**

Intangible assets are initially recorded at cost and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at a revalued amount, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value. The standard useful life assumed for intangible assets is 3 years, although a judgement may be applied if the asset is of a specialist nature that indicates a longer life. If there is an indication that there has been a significant change useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

#### **Investment properties**

Buildings that are made available for let to tenants are held as investment properties and are subject to annual revaluation by a professional valuer. The valuer used for financial years 2021/22 and 2022/23 was Jones Lang LaSalle (JLL). Any movements in fair value of these assets is recognised as profit or loss.

#### **Tangible assets**

Tangible assets are initially recorded at cost and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

#### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

## EXETER SCIENCE PARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

Plant and machinery	- 20%	straight line
Fittings fixtures and equipment	- 20%	straight line

In addition to the standard depreciation categories above, specific specialist assets will be assessed for their useful life independently and depreciated on this basis.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of any tangible asset, the depreciation is revised prospectively to reflect the new estimates.

#### **Impairment**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and othershort-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowing or currentliabilities.

#### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the performance model.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

#### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

## EXETER SCIENCE PARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### Financial instruments

##### Classification

The company holds the following financial instruments:

- Loans;
- Short term trade and other debtors and creditors; and
- Cash and bank balances.

All financial instruments are classified as basic.

##### Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS 102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

#### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

#### 4. Employee numbers

The average number of persons employed by the company during the year amounted to 11 (2022: 10).

#### 5. Profit before taxation

The profit before taxation is stated after charging:

	2023	2022
	£	£
Depreciation and amortisation of assets	57,933	16,024
Fair value adjustments to investment property	994,079	2,617,341
Fees payable for the audit of financial statements	11,200	6,000
	<u>          </u>	<u>          </u>

## EXETER SCIENCE PARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 6. Prior year adjustments

The prior year profit and loss account and balance sheet have been adjusted to reflect a lease/lease-back agreement on the Turing building. The lease/lease-back is with the University of Exeter with a maturity date of March 2040 and an implied interest rate of 7.08%. The assumed interest rate was incorrectly applied in previous accounts and has been corrected and restated in this set of accounts. The adjustment is a reduction in profit in 2021-22 and 2020-21, the detail can be seen in the table below. Notes 10 and 11 have also been updated to show the impact on creditors (£85,522 reduction in short term and £339,273 increase in long term).

Financial year 2021-22 has also been re-stated to reflect the removal of indexation relating to the Park's s106 agreement with Devon County Council (2021-22 accounts £194,398, re-stated to zero).

Prior years have also been adjusted for deferred tax relating to the omission of a grant release in the prior year tax calculations.

Previously stated reserves at 1 April 2021	4,966,047
Adjustment to presentation of Turing Building lease/lease-back	(82,541)
Deferred tax adjustment	(715,817)
Revised reserves at 1 April 2021	<u>4,167,689</u>
Previously stated reserves at 1 April 2022	7,051,027
Adjustment to presentation of Turing Building lease/lease-back	(208,663)
Deferred tax adjustment	(910,334)
Revised reserves at 1 April 2022	<u>5,932,029</u>

#### 7. Intangible assets

	Total
Cost	£
At 1 April 2022	14,660
Additions	3,934
<b>At 31 March 2023</b>	<u><b>18,594</b></u>
<b>Amortisation</b>	
At 1 April 2022	0
Charge for the year	4,838
<b>At 31 March 2023</b>	<u><b>4,838</b></u>
<b>Carrying amount</b>	
At 31 March 2022	14,660
At 31 March 2023	<u><u>13,756</u></u>

**EXETER SCIENCE PARK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)**

**8. Tangible assets**

	Freehold investment property	Leasehold investment property	Furniture, fittings and equipment	Investment Property under construction	Other Property, plant and equipment	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 1 April 2022	16,335,000	2,115,000	215,457	6,694	435,588	19,107,739
Transfers	-	-	-	-	-	-
Additions	69,079	-	34,728	1,000	78,709	183,517
Revaluation	<u>(1,109,079)</u>	<u>115,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(994,079)</u>
At 31 March 2023	<u>15,295,000</u>	<u>2,230,000</u>	<u>250,185</u>	<u>7,694</u>	<u>514,297</u>	<u>18,297,177</u>
<b>Depreciation</b>						
At 1 April 2022	-	-	68,417	-	149,546	217,964
Charge for the year	<u>-</u>	<u>-</u>	<u>31,961</u>	<u>-</u>	<u>25,971</u>	<u>57,933</u>
At 31 March 2023	<u>-</u>	<u>-</u>	<u>100,378</u>	<u>-</u>	<u>175,517</u>	<u>275,897</u>
<b>Carrying amount</b>						
At 31 March 2023	<u>15,295,000</u>	<u>2,230,000</u>	<u>149,807</u>	<u>7,694</u>	<u>338,780</u>	<u>18,021,281</u>
At 31 March 2022	<u>16,335,000</u>	<u>2,115,000</u>	<u>147,040</u>	<u>6,694</u>	<u>286,042</u>	<u>18,889,775</u>

Linked to the lease/lease-back agreement on the Turing building presented Note 6, there is a charge on the Turing building from Homes England.

**9. Debtors**

	2023	2022 restated
	£	£
Trade debtors	216,176	215,380
Other debtors	382,567	866,524
	<u>598,743</u>	<u>1,081,904</u>

**10. Creditors: amounts falling due within one year**

	2023	2022 restated
	£	£
Leases	29,909	22,878
Trade creditors	118,142	516,963
Social security and other taxes	40,310	19,831
Loans *	5,245,855	-
Other creditors	253,868	224,641
	<u>5,688,084</u>	<u>784,313</u>

\* See Note 11 below for details of loans

## EXETER SCIENCE PARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 11. Creditors: amounts falling due after more than one year

	2023	2022 restated
	£	£
Leases	2,170,147	2,200,056
Loans	2,415,203	7,484,196
Deferred capital grants	443,295	1,600,000
	<u>5,028,645</u>	<u>11,284,252</u>

The deferred grant relates to LEP funding for the George Parker Bidder Building. Grant has been released on a performance basis using the basket of conditions stated in the LEP funding agreement.

Loans presented in Notes 10 and 11 above are made up of the following arrangements:

Lender	Loan amount	Matures	Interest rate	Balance 2023	Balance 2022
Exeter City Council	500,000	Jan-25	2.55%	604,131	591,416
Exeter City Council	500,000	Jan-25	2.62%	604,836	591,842
East Devon District Council	1,000,000	Feb-25	2.55%	1,206,236	1,180,735
LEP Growing Places Fund	4,500,000	Oct-23	**	5,245,855	5,120,203

\*\* EU reference rate plus 1%, capped at 3%

None of the above have any security attached to the borrowing. No cash out flow has occurred for any of the loans since the principal was paid. Interest is accrued and is included in the amounts above.

The LEP Growing Places Fund becomes due within the next 12 months. This loan is guaranteed by Exeter Science Park Limited shareholders Devon County Council and the University of Exeter (50% coverage for each party).

#### 12. Contingent assets and liabilities

None to disclose.

#### 13. Related party transactions

Devon County Council, East Devon District Council, Exeter City Council and University of Exeter hold the controlling shares in Exeter Science Park Limited.

Details of loan and lease obligations are discussed in note 11 of these accounts.

## EXETER SCIENCE PARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

University of Exeter is also a tenant in the Science Park Centre, holding several leases to rent space of various lengths. These leases are included in Note 14 below and as at 31<sup>st</sup> March 2023 leases held were:

- Unit F02, 667 sq feet, ending 31<sup>st</sup> March 2025
- Unit G03, 344 sq feet, ending 31<sup>st</sup> October 2023
- Unit S02b/c, 2,405 sq feet, ending 24<sup>th</sup> May 2023
- Unit S07, 248 sq feet, ending 31<sup>st</sup> March 2025

The University of Exeter also has a lease/lease-back arrangement place for the Turing Building as referred to in Notes 6 and 8 above.

#### 14. Tenant lease commitments

Rental income from tenant leases is recognised in the accounts as it becomes due, but lease commitments may span several financial years. The table below shows tenant leases held at 31<sup>st</sup> March 2023 with their future period commitments to pay rent.

<b>Lease commitment in the period:</b>	
1st April 2023 to 31st March 2024	1,006,501
1st April 2024 to 31st March 2025	727,034
Periods from 1st April 2025 onwards	2,602,396
<b>Total</b>	<b><u>4,335,931</u></b>

#### 15. Capital commitments

At 31<sup>st</sup> March 2023 there were capital commitments of £64,144 relating to the installation of green energy projects at the Science Park Centre. Works were completed in Spring 2023.

#### 16. Post balance sheet events

At 31<sup>st</sup> March 2023 negotiations relating to the reinstatement of space rented by the Environment Agency at the Ada Lovelace Building were still ongoing. The Environment Agency lease ended on 31<sup>st</sup> March 2023. The negotiations concluded in June 2023 and the agreed amount was paid over to ESPL on 19<sup>th</sup> June 2023.

On 26<sup>th</sup> October 2023 £2.05m was received from Devon County Council relating to the proceeds of a land sale to Zeal Hotels.

#### 17. Deferred tax

	<b>2023</b>
At beginning of year	2,275,139
Charged to profit or loss	(11,126)
At end of year	2,264,013

The provision for deferred tax is made up as follows:

	<b>2023</b>	<b>2022</b>
Fixed asset timing differences	1,942,752	1,933,113
Short term timing differences	(2,108)	-
Capital gains / (losses)	1,856,228	1,768,614
Losses and other deductions	<u>(1,532,859)</u>	<u>(1,426,588)</u>
<b>Total</b>	<b>2,264,013</b>	<b>2,275,139</b>

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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