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29 JUN 1993

RECEPTION DECK

NEC FINANCE PLC

31ST MARCH 1993

Directors' Report and Accounts

Registered Number 2652843

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Registered Office:
NEC Finance PLC
Birmingham B40 1NT

Tel. No. 021 780 4141

REPORT OF THE DIRECTORS

1. Report and Accounts

The Directors present, herewith, the first audited accounts of the Company for the 18 month period ended 31st March 1993.

2. Principal Activities of the Company

The Company, which is a wholly owned subsidiary of The National Exhibition Centre Limited, was incorporated on 4th October 1991 for the purpose of raising finance for the construction by the National Exhibition Centre of additional exhibition space. The Company has not traded and its only business is that of holding investments.

3. Capital and Finance

- 3.1 On 4th October 1991 the Company issued 50,000 Ordinary Shares of £1 each, all of which are in the beneficial ownership of The National Exhibition Centre Limited and are paid up as 50p per share.
- 3.2 The Company has issued and outstanding £100,000,000 10.625% Debenture Stock 2016 and £115,000,000 13.625% Debenture Stock 2016 (The Debenture Stock). The Debenture Stock was created by Resolutions of the Board of Directors and is constituted and secured by a Trust Deed. The Debenture Stock is listed on the London Stock Exchange and is secured by Unsecured Loan Stocks of The National Exhibition Centre Limited which are guaranteed by Birmingham City Council. £90,000,000 of the 13.625% Stock was issued at a premium price of £119.215 per £100 Debenture Stock.

4. Results

The results of the Company for the first 18 months are set out in the Profit and Loss Account on page 5.

5. Fixed Asset Investments

Fixed Asset Investments represent the Unsecured Loan Stock of The National Exhibition Centre Limited.

6. Dividend

The Directors recommend that no dividend be declared in respect of the 18 months ended 31st March 1993.

7. Directors

The Directors of the Company during the period, all of whom were non Executive Directors, were:-

| | |
|--------------------------|-------------------|
| Mr R S Burman (Chairman) | appointed 9.10.91 |
| Councillor A Bore | appointed 9.10.91 |
| Sir Adrian Cadbury | appointed 9.10.91 |
| Councillor P A Sever | appointed 9.10.91 |
| J A Hume | resigned 9.10.91 |
| Pincent Directors Ltd | resigned 9.10.91 |

7. **Directors continued**

The only Director to hold any shares of the Company during or at the end of the period is Mr R S Burman, who holds one share.

None of the Directors had a material interest in any contracts of significance subsisting during or at the end of the period.

Biographical details of the above non Executive Directors are shown below:

Roger S Burman CBE BSC DL

Roger Burman has been Chairman of The National Exhibition Centre Ltd since 1989, having first joined the Board in 1984. He is a past President of the Birmingham Chamber of Commerce and Industry and of the British Chambers of Commerce.

He is Chairman and Managing Director of the Tipton-based electronics company Teledictor Ltd. He is also a member of the British Overseas Trade Board and Deputy Pro-Chancellor of the University of Birmingham.

He has an interest in the jewellery industry through the Birmingham Assay Office and is currently Chairman of the British Hallmarking Council.

Councillor Dr Albert Bore

Councillor Dr Albert Bore is Chairman of the General Purposes Committee and a lecturer in Physics at the University of Aston. Councillor Bore is a Director of several local and national organisations these are, Birmingham Business Support Centre Limited, Birmingham Conservation Trust, Birmingham Credit Union Development Agency Ltd, Birmingham Heartlands Developments and Services Ltd, Birmingham Heartlands Ltd, Birmingham Innovation and Development Centre Ltd, Birmingham Institute of Research and Development Ltd, Birmingham Media Development Agency Ltd, Birmingham Research and Development Ltd, Birmingham Research Park Ltd, Birmingham Technology (Property) Ltd, Birmingham Technology (Services) Ltd, Birmingham Technology (Venture Capital) Ltd, Black Business in Birmingham Ltd, Centre for Local Economic Strategies, The National Exhibition Centre Ltd, West Midlands Development Agency Ltd, West Midlands Enterprise Board Ltd and West Midlands Technology Transfer Centre Ltd.

Sir (George) Adrian Cadbury

Sir Adrian has been a member of The National Exhibition Centre Ltd Board of Directors since 1989 and a Director of the Bank of England, since 1970 he is also a Director of DAF NV, IBM United Kingdom Holdings Ltd and Promotion of Non-Executive Directors (Pro NED).

Councillor Pat Sever

A Labour Member of Birmingham City Council since 1981, she is Chairman of the City's National Exhibition Centre and International Convention Centre Committee which is responsible for the City's International Convention Centre and National Indoor Arena complex. She is also Chairman of the City's International Travel Sub-Committee and is a Director of The National Exhibition Centre Limited.

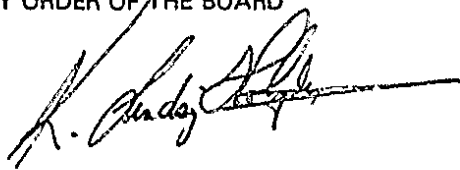
8. **Employees**

There are no employees of NEC Finance PLC.

9. Auditors

A resolution to reappoint Coopers & Lybrand as the Company's auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature in dark ink, appearing to read 'K. Lindsay Holgate', written over a horizontal line.

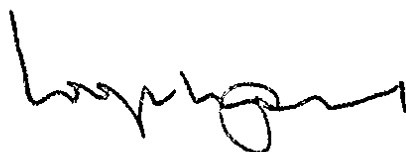
K LINDSAY HOLGATE
Secretary

NEC Finance PLC
Birmingham B40 1NT
4th June 1993

**REPORT OF THE AUDITORS TO THE MEMBERS OF
NEC FINANCE PLC**

We have audited the accounts set out on pages 5 to 9 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31st March 1993 and of the results for the 18 months then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND

Chartered Accountants and Registered Auditors
Birmingham
4th June 1993

PROFIT AND LOSS ACCOUNT
for the 18 months ended 31st March 1993

| | <u>Note</u> | 1993 £000 |
|---|-------------|--------------|
| | | (17) |
| Administrative Expenses | 2 | 17,311 |
| Other Operating Income | 3 | 39,443 |
| Investment Income | 4 | (56,735) |
| Interest Payable and similar Charges | | 2 |
| Profit on Ordinary Activities before taxation | 5 | |
| Tax on profit on Ordinary Activities | 6 | (1) |
| Profit for the Financial Period | | 1 |
| Transferred to Reserves | | |

MOVEMENT ON PROFIT AND LOSS ACCOUNT

| | 1993 £000 |
|--------------------------------|--------------|
| At 4th October 1991 | 1 |
| Retained Profit for the period | 1 |
| At 31st March 1993 | |

The notes on pages 7 to 9 form part of these accounts

BALANCE SHEET
at 31st March 1993

| | Notes | 1993 £000 | £000 |
|--|-------|--------------|---------|
| Fixed Assets | | | |
| Investments | 7 | | 215,000 |
| Current Assets | | | |
| Debtors | 8 | 10 | |
| Investments (short term deposits) | 9 | 25 | |
| Cash at Bank and in Hand | | 4 | |
| | | | |
| | | 39 | |
| Creditors - amounts falling due within one year | 10 | (13) | |
| | | | |
| Net Current Assets | | | 26 |
| | | | |
| Total Assets less Current Liabilities | | | 215,026 |
| Creditors - amounts falling due after one year | | | |
| Borrowings | 11 | (215,000) | |
| | | | |
| Total Net Assets | | | 26 |
| Capital and Reserves | | | |
| Called up Share Capital | 12 | 25 | |
| Profit and Loss Account | | 1 | |
| | | | |
| | | 26 | |

Signed on behalf of the Board on 4th June 1993

Director



The notes on pages 7 to 9 form part of these accounts

NOTES TO THE ACCOUNTS

1. Principal Accounting Policies

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under the historical cost convention.

2. Other Operating Income

| | 1993 £000 |
|---|--------------|
| Premium on the issue of Debenture Stock | 17,294 |
| Other income | 17 |
| | 17,311 |

3. Investment Income

| | 1993 £000 |
|---|--------------|
| Income from loans to Group undertakings | 39,441 |
| Other Interest receivable | 2 |
| | 39,443 |

4. Interest payable and similar Charges

| | 1993 £000 |
|--|--------------|
| Premium payable to Group undertaking on the purchase of Loan Stock | 17,294 |
| Interest on loans repayable in more than 5 years | 39,441 |
| | 56,735 |

5. Profit on ordinary activities is stated after charging:

| | 1993 £000 |
|------------------------|--------------|
| Auditors' remuneration | 3 |

6. **Tax on Profit on Ordinary Activities:**

| | 1993 £000 |
|---------------------------------------|--------------|
| United Kingdom corporation tax at 33% | 1 |

7. **Fixed Asset Investments**

| | 1993 £000 |
|--------------------------|--------------|
| Cost at 4th October 1991 | - |
| Additions | 215,000 |
| Disposals | - |
| Cost at 31st March 1993 | 215,000 |

The investments represent the Unsecured Loan Stock of The National Exhibition Centre Limited as follows:-

£100,000,000 10.625% Unsecured Loan Stock 2016

£125,000,000 13.625% Unsecured Loan Stock 2016

Birmingham City Council has guaranteed to the Trustees payment of the full amount of the principal of, and interest accruing on, the Loan Stocks as they fall due.

8. **Debtors**

| | 1993 £000 |
|--------------------------------------|--------------|
| Amounts falling due within one year: | |
| Amounts owed by Group undertakings | 1 |
| Prepayments and accrued income | 9 |
| | 10 |

9. **Investments**

| | 1993 £000 |
|---------------------|--------------|
| Trade Investments: | |
| Short Term Deposits | 25 |
| | 25 |

10 Creditors - amounts falling due within one year

| | 1993 £000 |
|------------------------------------|--------------|
| Amounts owed to Group undertakings | 3 |
| Accruals and deferred income | 9 |
| Taxation | 1 |
| | 13 |

11. Borrowings - amounts falling due after one year

| | 1993 £000 |
|------------------------------|--------------|
| 10.625% Debenture Stock 2016 | 100,000 |
| 13.625% Debenture Stock 2016 | 115,000 |
| | 215,000 |

The Company has issued and outstanding £100,000,000 10.625% Debenture Stock 2016 and £115,000,000 13.625% Debenture Stock 2016 (The Debenture Stock). The Debenture Stock was created by Resolutions of the Board of Directors and is constituted and secured by a Trust Deed. The Debenture Stock is listed on the London Stock Exchange and is secured by Unsecured Loan Stocks of The National Exhibition Centre Limited which were guaranteed by Birmingham City Council. £90,000,000 of the 13.625% Debenture Stock was issued at a premium price of £119,275 per £100 Debenture Stock.

12. Called Up Share Capital

| | 1993 £000 |
|--|--------------|
| 50,000 Ordinary Shares of £1 each authorised and allotted, 50p paid up | 25 |

13. Ultimate Parent Company

The Directors regard The National Exhibition Centre Ltd, a company registered in England and Wales, as the Ultimate Parent Company. According to the register kept by the Company, The National Exhibition Centre Ltd has a 100% interest in the equity capital of NEC Finance PLC at 31st March 1993. Copies of the Parent's Consolidated Financial Statement may be obtained from The Secretary, The National Exhibition Centre Ltd, Birmingham B40 1NT.