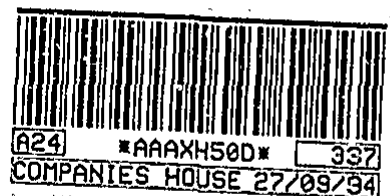


**NEC FINANCE PLC**

**ANNUAL REPORT**

**FOR THE YEAR ENDED  
31 MARCH 1994**

**Registered Number: 2652843**



**NEC FINANCE plc**  
**ANNUAL REPORT FOR THE YEAR**  
**ENDED 31 MARCH 1994**

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 Financial Statements

The Directors present their report and the audited financial statements for the year ended 31 March 1994.

### 2. Principal Activities of the Company

The Company is a wholly owned subsidiary of The National Exhibition Centre Limited, and was incorporated for the purpose of raising finance for the construction, by the National Exhibition Centre, of additional exhibition space. The Company's principal activities remain that of raising finance and holding investments.

### 3. Capital and Finance

3.1 The Company has 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 year are set out in the Profit and Loss Account on page 5.

### 5. Changes in presentation of the Financial Statements

Following the introduction of Financial Reporting Standard No 3, 'Reporting Financial Performance' and Financial Reporting Standard No 4, 'Capital Instruments', the presentation of the financial statements has been amended to conform with the new policy requirements.

### 6. Fixed Asset Investments

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

### 7. Dividends and transfers to reserves

The Directors recommend that no dividend be declared in respect of the year ended 31 March 1994. The profit for the financial year of £769 will be transferred to reserves.

### 8. Directors

The Directors of the Company at 31 March 1994, all of whom were Executive Directors, were:-

Mr R S Burman (Chairman)  
Councillor A Bore  
Sir Adrian Cadbury  
Councillor A Coulson

The only change in the year was on 9 May 1993, when Councillor A Coulson replaced Councillor P A Sever.

The only Director to hold any shares of the Company during or at the end of the year 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 year.

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 Limited 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 has been a member of the British Overseas Trade Board and is currently 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 Albert Bore PhD BSc**

Councillor Dr Albert Bore is Chairman of the Birmingham City Council's General Purposes Committee and is a lecturer in Physics at the University of Aston. He has been a member of Birmingham City Council, representing Ladywood Ward since 1980. He is also a member of several local organisations and companies including Birmingham Credit Union Development Agency Ltd, Birmingham Heartlands Development Corporation, Birmingham Media Development Agency Ltd, West Midlands Development Agency Ltd, West Midlands Enterprise Board Ltd and The National Exhibition Centre Limited. For several years he has represented Birmingham City Council on Eurocities, a network of over 50 of the largest cities in the European Union, and has recently been appointed as a UK representative on the European Committee of Regions.

**Sir (George) Adrian Hayhurst Cadbury MA DSc**

Sir Adrian has been a member of The National Exhibition Centre Limited Board of Directors since 1989. He is a Director of IBM United Kingdom Holdings Ltd and Director and Chairman of Promotion of Non-Executive Directors (Pro NED). He is Chancellor of Aston University and a past-President of the Birmingham Chamber of Commerce and Industry.

**Councillor Andrew Coulson PhD MA**

Councillor Andrew Coulson, a Lecturer in Local Government Finance at the University of Birmingham, is Chair of the National Exhibition Centre/International Convention Centre Committee.

He is also a member of the Birmingham City Council's Education Committee, Environmental Services and Consumer Protection Committee, the Cycling Advisory Group, and Chair of the West Midlands Waste Regulation Advisory Committee and Birmingham and Solihull Transport Users Advisory Committee.

He has represented Selly Oak Ward since 1990 and taken a special interest in the relationships between students and permanent residents in Bournbrook, Selly Oak and in finding the best future for the Bristol Road and the shops that depend on it.

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9. Directors' responsibilities for the Financial Statements

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period. In preparing these financial statements, the Directors confirm that they have:

selected suitable accounting policies and then applied them consistently;

made judgments and estimates that are reasonable and prudent;

stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.


10. Employees

There are no employees of NEC Finance plc.

11. 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



K LINDSAY HOLGATE  
Company Secretary

3.6.94.

NEC Finance plc  
Birmingham B40 1NT

## REPORT OF THE AUDITORS TO THE MEMBERS OF NEC FINANCE plc

We have audited the financial statements set out on pages 5 to 10.

### Respective responsibilities of Directors and Auditors

As described on page 3 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 1994 and of the results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand  
Chartered Accountants and Registered Auditors,  
Birmingham

3 June 1994

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 March 1994

	<u>Notes</u>	1994 £000	For the 18 months ended 31 March 1993 £000
Administrative Expenses		(19)	(17)
Other Operating Income	3	19	17,311
Investment Income	4	26,295	39,443
Interest Payable and similar Charges	5	(26,294)	(56,735)
Profit on Ordinary Activities before taxation	6	1	2
Tax on profit on Ordinary Activities	8	-	(1)
Profit for the Financial Period		1	1
Transferred to Reserves			

**MOVEMENT ON PROFIT AND LOSS ACCOUNT**

	1994 £000
At 31 March 1993	1
Retained Profit for the year	1
At 31 March 1994	2

The results for the Company are all in respect of continuing operations.

The Company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit stated above, and their historical cost equivalents.

The notes on pages 7 to 10 form part of these financial statements.

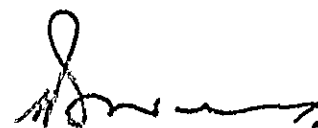


**BALANCE SHEET**  
at 31 March 1994

	Notes	1994 £000	1993 £000
<b>Fixed Assets</b>			
Investments	9	215,000	215,000
<b>Current Assets</b>			
Debtors	10	24	10
Investments (short term deposits)	11	25	25
Cash at Bank and in Hand		-	4
		49	39
<b>Creditors - amounts falling due within one year</b>			
Borrowings	12	(1)	-
Other Creditors	13	(21)	(13)
<b>Net Current Assets</b>		27	26
<b>Total Assets less Current Liabilities</b>		215,027	215,026
<b>Creditors - amounts falling due after more than one year</b>			
Borrowings	14	(215,000)	(215,000)
<b>Total Net Assets</b>		27	26
<b>Capital and Reserves</b>			
Called up Share Capital	15	25	25
Profit and Loss Account		2	1
<b>Equity Shareholders' Funds</b>	16	27	26

Signed on behalf of the Board on 3 June 1994

Director



R S BURMAN

The notes on pages 7 to 10 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Principal Accounting Policies

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

### 2. Changes in accounting policies

The new accounting standards, FRS 3 and FRS 4, require the adoption of accounting policies which differ from those previously adopted by the Company.

The changes have had no effect on comparative figures.

### 3. Other Operating Income

	1994	For the 18 months ended 31 March 1993
	£000	£000
Premium on the issue of Debenture Stock	-	17,294
Other income	19	17
	19	17,311

### 4. Investment Income

	1994	For the 18 months ended 31 March 1993
	£000	£000
Income from loans to Group undertakings	26,294	39,441
Other interest receivable	1	2
	26,295	39,443

### 5. Interest payable and similar Charges

	1994	For the 18 months ended 31 March 1993
	£000	£000
Premium payable to Group undertaking on the purchase of Loan Stock	-	17,294
Interest on loans repayable in more than 5 years	26,294	39,441
	26,294	56,735

6. Profit on ordinary activities before taxation

	1994	For the 18 months ended 31 March 1993
	£000	£000

After charging:

Auditors' remuneration - Audit Fees	4	3
- Non-audit Fees	1	-

7. Directors' and employees' emoluments

No emoluments were paid to any Directors of the Company. Other than the Directors there are no employees of the Company.

8. Tax on Profit on Ordinary Activities:

	1994	For the 18 months ended 31 March 1993
	£000	£000

United Kingdom corporation tax at 33%	-	1
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9. Fixed Asset Investments

	1994 £000
Cost at 1 April 1993	215,000
Additions	-
Disposals	-
Cost at 31 March 1994	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

£115,000,000 13.625% Unsecured Loan Stock 2016

Birmingham City Council has guaranteed the payment of the full amount of the principal of, and interest accruing on, the Loan Stocks as they fall due (see Note 14).

10. Debtors

	1994 £000	1993 £000
Amounts falling due within one year:		
Amounts owed by Group undertakings	23	1
Prepayments and accrued income	1	9
	24	10

11. Investments

	1994 £000	1993 £000
Trade Investments:		
Short Term Deposits	25	25
	25	25

12. Borrowings - amounts falling due within one year

	1994 £000	1993 £000
Bank Overdraft	1	-

13. Creditors - amounts falling due within one year

	1994 £000	1993 £000
Amounts owed to Group undertakings	10	3
Accruals and deferred income	11	9
Taxation	-	1
	21	13

14. Borrowings - amounts falling due after more than one year

	1994 £000	1993 £000
10.625% Debenture Stock 2016	100,000	100,000
13.625% Debenture Stock 2016	115,000	115,000
	215,000	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 are 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.

15. Called Up Share Capital

	1994	1993
	£000	£000
50,000 Ordinary Shares of £1 each authorised and allotted, 50p paid up	25	25

16. Reconciliation of movements in shareholders' funds

	1994	1993
	£000	£000
Opening shareholders' funds	26	25
Profit for the financial period	1	1
Closing shareholders' funds	27	26

17. Ultimate Parent Company

The Directors regard The National Exhibition Centre Limited, a company registered in England and Wales, as the ultimate parent company. According to the register kept by the Company, The National Exhibition Centre Limited has a 100% interest in the equity capital of NEC Finance plc at 31 March 1994. Copies of the parent's consolidated financial statement may be obtained from The Secretary, The National Exhibition Centre Limited, Birmingham B40 1NT.