

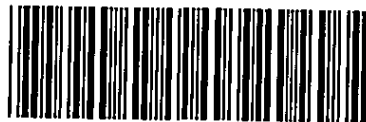
THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

**Registered Office:
NEC
Birmingham B40 1NT**

Tel. No. 0121 780 4141

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NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC
For the year ended 31 March 2011

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Registered Office:
NEC (Developments) Plc
Birmingham B40 1NT

Tel. No. 0121 780 414

NATIONAL EXHIBITIONS CENTRE (DEVELOPMENTS) PLC
For the year ended 31 March 2011

REPORT OF THE DIRECTORS

Report and financial statements

The Directors present their annual report and the audited financial statements of the company for the year ended 31 March 2011. The registered number is 3301940.

Business review

Principal activities

The principal activity of the company was to raise finance, construct and operate exhibition halls 17 to 20 ("the New Exhibition Halls") at the National Exhibition Centre, Birmingham ("the NEC site").

Business structure

The company was set up originally as a joint venture formed between Birmingham City Council ("BCC"), Emap Limited (formally Emap Business Communications Limited) and Birmingham Chamber of Commerce and Industry on 14 May 1997. On 26 March 2010 BCC acquired the shares and outstanding loan stock held by Emap Limited. On 10 September 2010 BCC acquired all the shares held by Birmingham Chamber of Commerce and Industry.

Birmingham City Council is the ultimate parent of the National Exhibition Centre Limited ("NEC"), which manages and operates facilities at the NEC site.

The company entered into a Management Agreement with NEC to manage the New Exhibition Halls.

NEC makes payments to the company on or around 31 March and 30 September in each year, determined by reference to a share of income achieved less costs incurred in the operation of the NEC site as a whole, in accordance with the Management Agreement.

The Management Agreement, which was signed on 14 May 1997, will remain in force for as long as the company is a tenant of the land leased from BCC. The lease term is due to expire on 30 September 2096, but can be terminated by either party on 30 September 2027 after giving not less than six months' notice in writing.

Upon expiry of such notice, BCC will pay the company at that date a sum equal to the lower of the nominal value of the loan stock outstanding and the cost of the premises disclosed in the company's balance sheet as at 31 March 1999 (£68.635m).

Furthermore, in accordance with the Shareholders' Agreement, BCC has guaranteed the solvency of the company, and will if required subscribe cash for deferred shares.

Company's financial performance

The losses of the company for the year are as forecasted and are set out in the profit and loss account on page 6. Fluctuations in revenue and expenditure reflect the cycle of exhibition activity.

Development review and the future

The principal activity of the company remains that of owning and operating exhibition facilities.

Financial risk management

Liquidity

Company policy is to ensure continuity of available funding by active management of working capital. Liquidity risk is ultimately mitigated by the solvency guarantees provided by BCC.

Interest rate risk

The company finances its operations through a mixture of loan notes and debenture stock. All of the company's borrowings are in Sterling and therefore this eliminates any foreign currency risk. The company may borrow at both fixed and floating rates of interest. The company's policy is to keep a significant proportion of its borrowings at fixed rates of interest.

NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC
For the year ended 31 March 2011

REPORT OF THE DIRECTORS - (Continued)

Financial risk management – (Continued)

Credit risk

The company has no significant concentrations of material credit risk

Capital and finance

The company has in issue 450 £1 Ordinary 'A' Shares owned by Birmingham City Council, 125 £1 Ordinary 'B' Shares owned by Birmingham City Council (previously by Birmingham Chamber of Commerce and Industry) and 425 £1 Ordinary 'C' Shares owned by Birmingham City Council (previously by Emap Limited), all of which are fully paid

The company has in issue 100,000 £1 Preference Shares owned by Birmingham City Council (previously 50,000 of these £1 Preference Shares were owned by Emap Limited), all of which are fully paid

The company has in issue and outstanding £73m 7.5625% Guaranteed Unsecured Loan Stock 2027 ('the Loan Stock'). The Loan Stock is constituted and secured by a Trust Deed dated 21 May 1997. The Loan Stock is listed on the London Stock Exchange and is guaranteed by Birmingham City Council. The Loan Stock was issued at a discount price of £99.689 per £100 Loan Stock.

The company has in issue and outstanding £1,568,000 £1 Unsecured 'A' Loan Notes at zero coupon to Birmingham City Council (previously £784,000 owned by Emap Limited). The Loan Notes are fully paid and repayable by the company in instalments commencing on 31 March 2014.

Dividends and transfers to reserves

The Directors recommend that no dividend be declared in respect of the year ended 31 March 2011 (2010: £nil). The loss for the financial year of £264,400 (2010: loss £132,400) has been deducted from reserves.

Directors

The Directors of the company who served during the year and up to the date of signing the financial statements, all of whom were Non-Executive Directors, were

Mark Barrow	(appointed 6 December 2010)
Paul Dransfield	(appointed 6 December 2010)
Martin D Angle - Chairman	(resigned 10 September 2010)
Councillor Mike Whitby	(resigned 6 December 2010)
Paul Thandi	(resigned 6 December 2010)

No emoluments were paid to the Directors of the company (2010: £nil).

Biographical details of the above Non-Executive Directors are shown below.

Mark Barrow

Mark is the Strategic Director of Development at Birmingham City Council and prior to that was Chief Executive of Newcastle-under-Lyme Borough Council. He has previously worked for a variety of district, county, unitary and metropolitan authorities across the country, including Birmingham in the early 1990's.

Working in the largest local authority in Europe, Mark is responsible for providing strategic leadership, vision and direction for the key areas of economic development, regeneration, worklessness, climate change and planning to deliver transformational change to further develop Birmingham as a sustainable and diverse global city.

Mark has a regeneration and property background and has been an active member of the Royal Institution of Chartered Surveyors and held positions in that organisation at both the local and national level.

His other key appointment is Director of Finance Birmingham Limited.

NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC
For the year ended 31 March 2011

REPORT OF THE DIRECTORS - (Continued)

Directors (Continued)

Paul Dransfield

Paul Dransfield was appointed Strategic Director of Corporate Resources with Birmingham City Council on 1 November 2010. Paul joined the Council as Corporate Director of Resources in April 2007 and has previously held various posts with Derby City Council and Solihull Metropolitan Borough Council.

His other key appointments are

- Director of Birmingham Airport Limited
- Director of Local Education Partnership

Statement of Directors' responsibilities

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 prepared 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 of 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 judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively, 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.

Each of the Directors, whose names and functions are listed on pages 2-3 confirm that, to the best of their knowledge

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the company, and
- the Directors' report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

Statement of disclosure of information to auditors

In accordance with Section 418 Companies Act 2006, the Directors' Report shall include a statement, in the case of each director in office at the date the Directors' Report is approved, that

(a) so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC
For the year ended 31 March 2011

REPORT OF THE DIRECTORS - (Continued)

Corporate governance

The company is exempt from compliance with the Combined Code under the provisions of The Stock Exchange Listing Rules as the company has only debt securities listed

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and have therefore prepared the financial statements on a going concern basis

Employees

The company has no employees (2010 nil)

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting



BY ORDER OF THE BOARD

K MARRIOTT

Company Secretary
NEC (Developments) Plc
Birmingham B40 1NT
19 September 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL EXHIBITION CENTRES (DEVELOPMENTS) PLC

We have audited the financial statements of National Exhibition Centre (Developments) Plc for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss and cash flows 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

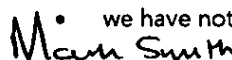
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 to be audited are not in agreement with the accounting records and 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


Mark Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

20 SEPTEMBER 2011

NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC**PROFIT AND LOSS ACCOUNT**
For the year ended 31 March 2011

	Note	2011	2010
		£000	£000
Turnover		6,879	7,054
Operating Costs	2	(1,359)	(1,382)
Operating profit		5,520	5,672
Interest receivable and similar income		1	1
Interest payable and similar charges	4	(5,785)	(5,805)
Loss for the financial year		(264)	(132)

Movement Of Reserves

	2011	2010
	£000	£000
At 1 April	(1,431)	(1,299)
Loss for the financial year	(264)	(132)
At 31 March	(1,695)	(1,431)

The above results relate solely to continuing activities

The company has no recognised gains or losses other than the loss for the financial year and therefore no separate statement of total recognised gains and losses has been presented

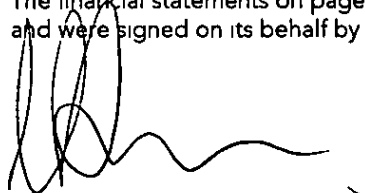
There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

BALANCE SHEET as at 31 March 2011

	Note	2011 £000	2010 £000
Fixed Assets			
Tangible assets	6	68,610	68,610
Current Assets			
Debtors	7	1	-
Investments	8	652	600
Cash at bank and in hand		3	11
		656	611
Creditors - amounts falling due within one year	9	(564)	(519)
Net Current Assets		92	92
Total Assets less Current Liabilities		68,702	68,702
Creditors - amounts falling due after more than one year	10	(70,396)	(70,132)
Net Liabilities		(1,694)	(1,430)
Capital and Reserves			
Called up share capital	12	1	1
Profit and loss account		(1,695)	(1,431)
Total Shareholders' Deficit		(1,694)	(1,430)
Total Shareholders' Deficit			
Equity		(1,794)	(1,530)
Non-equity		100	100
	13	(1,694)	(1,430)

The financial statements on pages 6 to 16 were approved by the Board of Directors on 9 September 2011 and were signed on its behalf by



Director

MARK BARROW

9 SEPTEMBER 2011

NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

CASH FLOW STATEMENT

For the year ended 31 March 2011

	Notes	2011 £000	2010 £000
Net Cash Inflow From Operating Activities	14	5,564	5,727
Returns On Investments And Servicing Of Finance			
Interest received		1	1
Interest paid		(5,521)	(5,541)
Net Cash Outflow From Returns On Investments And Servicing Of Finance		(5,520)	(5,540)
Net Cash Inflow Before Management Of Liquid Resources And Financing		44	187
Management Of Liquid Resources			
Increase in money market deposits		(52)	(503)
Net Cash Inflow From Management Of Liquid Resources		(52)	(503)
Financing			
Repayment of Borrowings		-	(132)
Net Cash Outflow From Financing		-	(132)
Decrease In Cash	15	(8)	(448)

The notes on pages 9 to 16 form part of these financial statements

NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC
For the year ended 31 March 2011

NOTES TO THE FINANCIAL STATEMENTS

1 Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom have been consistently applied. A summary of the accounting policies is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention and on a going concern basis.

Turnover

Income is attributable under an income sharing agreement based on revenue for the whole NEC site and this includes tenancy and ancillary sales generated from conferences, events and exhibitions. Revenue is recognised at the point revenue and the costs associated with the delivery of the services can be reliably measured. It is measured at the fair value of the consideration received or receivable.

Tangible fixed assets and depreciation

The cost of fixed assets comprises their purchase cost together with any incidental expenses of acquisition. The cost of the land lease premium has been capitalised as land. Buildings include all relevant expenditure incurred, including fixed plant.

Issue costs incurred in raising finance relating to the construction of a fixed asset were capitalised as part of the cost of the fixed asset. Net interest payable, including amortisation of guarantee fees, on such finance up to the completion of the construction period was capitalised as part of the cost of the fixed asset.

Depreciation is calculated to write off the cost less estimated residual value of fixed assets. The residual value of the land, buildings and plant and equipment is equal to the capitalised cost of the New Exhibition Halls of £68,610,000, resulting in a depreciation charge of nil (2010 £Nil).

Fixed asset investments

The investment reflects short term cash deposits held in low risk treasury investments and are carried at costs less provision for impairment. No provision for impairment has been provided at the year end.

Financial instruments

The company's financial instruments comprise borrowings, some cash and liquid resources and various items such as debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to finance the company's operations.

It is company policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and those policies are summarised below. The policies have remained unchanged since 1 April 2001.

Interest rate risk

The company finances its operations through debenture stock at fixed rates of interest. All of the company's borrowings are in Sterling and therefore this eliminates any foreign currency risk.

Liquidity risk

Company policy is to ensure continuity of available funding by ensuring that the maturity profiles of its borrowings and investments are matched.

Power to amend financial statements

No one has the power to amend the financial statements after issue.

NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC
For the year ended 31 March 2011

NOTES TO THE FINANCIAL STATEMENTS - (continued)

1 Principal accounting policies – (continued)

Taxation

The charge to tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2 Operating costs

	2011	2010
	£000	£000
Auditors' remuneration - audit fees	5	7
NEC Ltd management fee	882	879
Other	472	496
	1,359	1,382

3 Directors' and employees' emoluments

No emoluments were paid to the Directors of the company (2010 £Nil) for services to this company.

The company has no employees (2010 nil).

4 Interest payable and similar charges

	2011	2010
	£000	£000
Interest on loans repayable in more than 5 years		
7.5625% Guaranteed Unsecured Loan Stock 2027	5,521	5,521
15% Unsecured 'B' Loan Notes	-	20
Amortisation of guarantee fee (see note 10)	264	264
	5,785	5,805

5 Taxation

A charge to tax does not arise as the results for the year, after adjustments for items non-assessable or disallowed, is covered by accumulated trading losses and capital allowances.

6 Tangible fixed assets

	Land	Buildings	Plant & Equipment	Total
	£000	£000	£000	£000
Cost				
At 1 April 2010 and 31 March 2011	3,100	63,942	1,568	68,610

On 27 May 1997 the company entered into a lease with Birmingham City Council for the land used in the construction of Halls 17 - 20 for consideration of £3,100,000. The lease is for a period of 99 years but can be terminated by the option of either party after 30 years (2027).

Included in Buildings are costs relating to exhibition halls 17 - 20 at the National Exhibition Centre, Birmingham, of which £5,786,455 comprises net interest capitalised.

NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC
For the year ended 31 March 2011

NOTES TO THE FINANCIAL STATEMENTS - (continued)

7. Debtors

	2011	2010
	£000	£000
Amounts falling due within one year:		
Sundry debtors and prepayments	1	-

8 Fixed asset investments

	2011	2010
	£000	£000
Money market investments		
Bank deposits	652	600

9 Creditors – amount falling due within one year

	2011	2010
	£000	£000
Accruals and deferred income	11	8
Value Added Tax	553	511
	564	519

10 Creditors – amount falling due after more than one year

		2011	2010
	Note	£000	£000
7 5625% Guaranteed Unsecured Loan Stock 2027	(a)	73,000	73,000
Less Guarantee fee	(a)	(7,932)	(7,932)
Guarantee fee amortised brought forward	(a)	3,396	3,132
Guarantee fee amortised during the period	(a)	264	(4,536)
		68,728	68,464
Zero % Unsecured 'A' Loan Notes	(b)	1,568	1,568
100,000 Preference shares of £1 each	(c)	100	100
		70,396	70,132

NATIONAL EXHIBITIONS CENTRE (DEVELOPMENTS) PLC
For the year ended 31 March 2011

NOTES TO THE FINANCIAL STATEMENTS - (continued)

10 Creditors – amount falling due after more than one year – (continued)

- a) On 21 May 1997, the company issued £73m 7 5/8% Guaranteed Unsecured Loan Stock 2027 ('the Loan Stock') at a discount price of £99.689 per £100 Loan Stock. The discount amounted to £227,000 and this was capitalised within fixed assets.

The Loan Stock is constituted and secured by a Trust Deed dated 21 May 1997. The Loan Stock is listed on the London Stock Exchange and is guaranteed by Birmingham City Council.

The guarantee fee paid to Birmingham City Council is being amortised on a straight line basis until expected repayment of the Loan Stock.

- b) On 21 May 1997, the company issued 1.2m Unsecured 'A' £1 Loan Notes, zero coupon to each of Birmingham City Council and Emap Limited. On 26 March 2010 Birmingham City Council acquired Emap Limited's Loan Notes. The Loan Notes are fully paid and are repayable by the company in instalments commencing on 31 March 2014.

Early repayments of £416,000 have been made to each of Birmingham City Council and Emap Limited, leaving the total balance outstanding at the year end of £1,568,000 (2009 £1,568,000).

- c) The Preference Shares do not carry any rights to receive a dividend or to participate in the profits of the company. On liquidation or return of capital, the assets of the company available for distribution amongst the members shall be applied in priority to any payment to the holders of any other class of shares in repayment of the amount paid up or credited as paid on the Preference Shares. Holders of the Preference Shares do not have the right to attend or vote at any general meeting of the company.

11 Financial instruments

Interest rate risk profile of financial assets and liabilities

Financial assets

The company has short term Sterling deposits of £652,000 (2010 £600,000) that earn interest at a floating rate based on the prevailing bank base rate.

As set out in the Directors' report on page 1, the company has an undertaking that Birmingham City Council shall pay upon termination of the lease to the company a sum equal to the lower of the Loan Stock outstanding at that date and the cost of the premises disclosed in the company's balance sheet as at 31 March 1999 of £68,635m. It is not practical to give a fair value of this financial asset as the company's fixed assets do not have a readily obtainable open market value.

NATIONAL EXHIBITIONS CENTRE (DEVELOPMENTS) PLC
For the year ended 31 March 2011

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 Financial Instruments (continued)

Financial liabilities

The interest rate profile of the company's financial liabilities at 31 March 2011 was

	Fixed Rate £000	No Interest £000	Non-equity Shares £000	Total £000
Borrowings (Sterling) 2010	73,000	1,568	100	74,668
2010	73,000	1,568	100	74,668

	Fixed rate financial liabilities		Financial liabilities on which no interest is paid Years
	Weighted average interest rate %	Weighted average period to which rate relates Years	
Borrowings (Sterling) 2010	7.56	15	13
2009	7.56	16	14

The preference shares do not carry any rights to receive dividends or to participate in any profits of the company. As these shares do not have a maturity date, in order to prevent distortion of the 'weighted average period to maturity' figure, they have been excluded from the calculation.

Fair values of financial assets and liabilities

Market values have been used to determine fair values.

	2011		2010	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Cash and short term deposits	655	655	611	611
Short and long term borrowings	(74,568)	(86,861)	(74,568)	(83,554)
Non-equity shares	(100)	(100)	(100)	(100)
	(74,013)	(86,306)	(74,057)	(83,043)

Maturity profile of financial liabilities

	2011 £000	2010 £000
In one year or less	-	-
In more than 1 years but not more than 2 years	-	-
In more than 2 years but not more than 5 years	720	480
In more than 5 years	73,848	74,088
Non-equity shares - no maturity date	100	100
	74,668	74,668

Borrowing facilities

The company has no un-drawn committed borrowing facilities (2010: £nil)

NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC
For the year ended 31 March 2011

NOTES TO THE FINANCIAL STATEMENTS - (continued)

12 Called up share capital

Authorised

		2011	2010
	Note	£	£
450 Ordinary 'A' shares of £1 each	(a)	450	450
125 Ordinary 'B' shares of £1 each	(a)	125	125
425 Ordinary 'C' shares of £1 each	(a)	425	425
Total Ordinary Shares		1,000	1,000
100,000 Deferred shares of £1 each	(b)	100,000	100,000
		101,000	101,000

Allotted, called up and fully paid

		2011	2010
	Note	£	£
450 Ordinary 'A' shares of £1 each	(c)	450	450
125 Ordinary 'B' shares of £1 each	(c)	125	125
425 Ordinary 'C' shares of £1 each	(c)	425	425
Total Ordinary Shares		1,000	1,000

- a) The 'A', 'B' and 'C' Shares are separate classes of shares and carry the rights to appoint and remove Directors. The 'B' Shares do not carry the right to participate in the profits of the company or the assets of the company available for distribution amongst members but in all other respects the 'B' Shares rank pari passu in all respects as Ordinary Shares.
- b) The Deferred Shares carry the right to a dividend in accordance with the Articles of Association. On liquidation or return of capital, holders of Deferred Shares will receive £1 for each share held, after payments to Preference and Ordinary Shareholders have been satisfied.
- Holders of Deferred Shares do not have the right to attend or vote at any General Meeting of the company. Birmingham City Council holds all the shares.
- c) Birmingham City Council holds all the Ordinary Shares, having acquired the 'B' shares from Birmingham Chamber of Commerce and Industry on 10 September 2010, and 'C' shares from Emap Limited on 26 March 2010.

All shares were issued for cash at par.

NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC
For the year ended 31 March 2011

NOTES TO THE FINANCIAL STATEMENTS - (continued)

13 Reconciliation of the movement in shareholders' deficit

	2011	2010
	£000	£000
Opening shareholders' deficit	(1,430)	(1,298)
Loss for the financial year	(264)	(132)
Closing shareholders' deficit	(1,694)	(1,430)

14. Reconciliation of operating profit to net cash inflow from operating activities

	2011	2010
	£000	£000
Operating profit	5,520	5,672
(Increase)/ decrease in debtors	(1)	1
Increase in creditors	45	54
Net Cash Inflow from operating activities	5,564	5,727

15 Reconciliation of net cash inflow to movement in net debt

	2011	2010
	£000	£000
Decrease in cash in the year	(8)	(448)
Amortisation of guarantee fee	(264)	(264)
Cash inflow from movements in liquid resources	52	503
Repayment of borrowings	-	132
Movement in Net Debt in the year	(220)	(77)
Net debt brought forward	(69,521)	(69,444)
Net Debt Carried Forward	(69,741)	(69,521)

Analysed in balance sheet	2011	2010
	£000	£000
Investments	652	600
Cash at bank and in hand	3	11
Creditors - amounts falling after more than one year	(70,396)	(70,132)
	(69,741)	(69,521)

NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC
For the year ended 31 March 2011

NOTES TO THE FINANCIAL STATEMENTS - (continued)

16 Related party transactions

On 14 May 1997, the company signed a Management Agreement with The National Exhibition Centre Limited ('NEC') for NEC to manage the New Exhibition Halls (17 to 20)

Birmingham City Council is the ultimate parent of the company and of the National Exhibition Centre Limited

Loan related transactions between the company and the shareholders are detailed elsewhere within the financial statements

During the year, the company entered into the following transactions, in the ordinary course of business with NEC

	2011	2010
	£000	£000
Sales	6,879	7,054
Purchases	1,347	1,370
Amounts owed to related party	-	-
Amounts due from related party	-	-

17. Ultimate parent

The Directors regard Birmingham City Council, a local authority in England and Wales, as the ultimate parent of the company