

Birmingham Technology (Property) Limited

Annual report and financial statements  
for the year ended 30 June 2004

Registered number 2188998



# **Birmingham Technology (Property) Limited**

## **Annual report and financial statements for the year ended 30 June 2004**

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# **Birmingham Technology (Property) Limited**

## **Directors' report for the year ended 30 June 2004**

The directors present their report together with the audited financial statements of the company for the year ended 30 June 2004.

### **Principal activities**

The company is an investment property company, with properties located within the Aston Science Park.

### **Review of activities**

Following the departure of several large tenants in towards the end of 2003 and into 2004, market conditions for property letting within the West Midlands region remained difficult during 2004 and occupancy levels in certain properties were lower than expected. The Directors have concluded that one property is unlikely to provide suitable accommodation for tenants in the future and as a result of this an impairment trigger is considered to have arisen on that property and the value of the property has been written down to £nil.

The Directors are pleased to report that occupancy levels have improved generally in the properties owned by the company since 30 June 2004.

### **Results and trading**

The results for the year are set out on page 4. The loss for the year of £761,272 (2003: profit of £205,373) has been transferred to reserves. This includes an exceptional impairment provision of £686,000 on one of the company's properties.

The directors do not propose to pay a dividend in respect of the financial year.

### **Directors and their share interests**

The directors during the year and up to the date of this report were:

ALS Jackson (Resigned 2 March 2005)  
DC Billington (Resigned 2 March 2005)  
Sir Albert Bore  
N Dawkins (Resigned 2 March 2005)  
R Fello (Resigned 2 March 2005)  
K Hardeman (Appointed 2 March 2005)  
RJ Hudson (Appointed 2 March 2005)  
J Saunders (Appointed 2 March 2005)  
M Whitby (Appointed 2 March 2005)

None of the directors had any interest (beneficial or otherwise) in the share capital of the company at 30 June 2004 or at any time during the year.

# **Birmingham Technology (Property) Limited**

## **Directors' report for the year ended 30 June 2004 (continued)**

### **Statement of directors' responsibilities**

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 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.

### **Auditors**

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By Order of the Board



DW Harris  
Secretary  
2 March 2005

# **Birmingham Technology (Property) Limited**

## **Independent auditors' report to the members of Birmingham Technology (Property) Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out in the statement of accounting policies.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

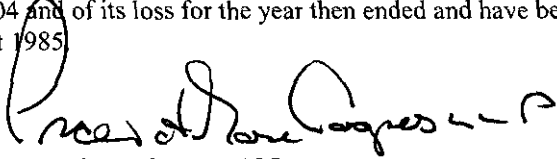
### **Basis of audit opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Birmingham  
2 March 2005

# Birmingham Technology (Property) Limited

## Profit and loss account for the year ended 30 June 2004

	Notes	2004 £	2004 £	2003 £	2003 £
Turnover - rental income	1		1,446,512		1,658,319
Administrative expenses - ordinary		(1,677,825)		(1,321,200)	
Administrative expenses – exceptional		(686,000)		-	
Total administrative expenses	4		(2,363,825)		(1,321,200)
<b>Operating (loss) / profit</b>	4		<b>(917,313)</b>		<b>337,119</b>
Interest payable	2		(240,918)		(271,771)
Interest receivable	3		403,891		122,266
<b>(Loss) / profit on ordinary activities before taxation</b>	4		<b>(754,340)</b>		<b>187,614</b>
Tax on profit on ordinary activities	5		(6,932)		17,759
<b>(Loss) / profit for the financial year</b>	12		<b>(761,272)</b>		<b>205,373</b>

The notes on pages 7 to 15 form part of these financial statements.

Movements on reserves are set out in note 12.

The results of the company arise entirely from the continuing activities of the company.

There is no difference between the loss before taxation and the retained loss for the year as shown in the profit and loss account and their historical equivalents.

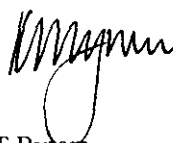
# Birmingham Technology (Property) Limited

## Balance sheet as at 30 June 2004

	Notes	2004 £	2003 £
<b>Fixed assets</b>			
Investment properties	6	9,959,682	10,166,035
<b>Current assets</b>			
Debtors	7	5,593,472	6,997,689
Bank and cash		-	14,553
		5,593,472	7,012,242
<b>Creditors: amounts falling due within one year</b>	8	(7,406,886)	(7,780,737)
<b>Net current liabilities</b>		(1,813,414)	(768,495)
<b>Total assets less current liabilities</b>		8,146,268	9,397,540
<b>Creditors: amounts falling due after more than one year</b>	9	(3,430,000)	(3,920,000)
<b>Provisions for liabilities and charges</b>	10	-	-
		4,716,268	5,477,540
<b>Capital and reserves</b>			
Called up equity share capital	11	5,000	5,000
Revaluation reserve	12	3,745,606	4,087,606
Profit and loss account	12	965,662	1,384,934
<b>Shareholders' funds</b>		4,716,268	5,477,540

The notes on pages 7 to 15 form part of these financial statements.

Approved by the Board and signed on its behalf on 2 March 2005



KT Byron  
Director

# Birmingham Technology (Property) Limited

## Movement in shareholders' funds

	2004	2003
	£	£
(Loss) / profit for the financial year	(761,272)	205,373
Net (decrease) / increase in shareholders funds	(761,272)	205,373
Opening shareholders' funds	5,477,540	5,272,167
Closing shareholders' funds	4,716,268	5,477,540

## Statement of total recognised gains and losses

	Notes	2004	2003
		£	£
(Loss) / profit for the financial year		(761,272)	205,373
Total recognised gains and losses relating to the year		(761,272)	205,373



# **Birmingham Technology (Property) Limited**

## **Notes to the financial statements for the year ended 30 June 2004**

### **1 Principal accounting policies**

#### **Basis of preparation**

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with applicable accounting standards and the Companies Act 1985. Compliance with SSAP 19 "Accounting for Investment properties" requires departure from the requirements of Companies Act 1985 relating to depreciation and amortisation and an explanation of the departure is set out below.

#### **Investment properties**

Investment properties are stated at cost during the course of construction and market value when complete and available for letting. Cost includes interest capitalised during development and other professional fees.

In accordance with an amendment to SSAP 19, movements in the valuation of investment properties are shown in the statement of total recognised gains and losses, with the sole exception that deficits, or impairments of value, on individual investment properties that are expected to be permanent are charged to the profit and loss account.

No provision is made for amortisation of leasehold properties held on leases having more than 20 years unexpired. This departure from the requirements of the Companies Act 1985, which required all properties to be depreciated, is, in the opinion of the directors, necessary for the financial statements to show a true and fair view in accordance with applicable accounting standards.

The amortisation (which would, had the provision of the Act been followed, have resulted in an additional charge to the profit and loss account) is only one of the factors reflected in the annual valuation and the amount attributable to this factor cannot reasonably be separately identified or quantified.

#### **Rental income**

Rental income includes rent received and receivable in the year.

#### **Grants**

Revenue grants are credited to the profit and loss account in the period in which the corresponding costs are charged. Capital grants and contributions received for the development of investment properties are included in provisions for liabilities and charges. When investment properties are revalued, the corresponding capital grant is deducted from the gross cost of the property in determining the revaluation surplus or deficit.

#### **Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatments for financial statements and taxation purposes of events and transactions recognised in the financial statements of the current and previous years. Deferred taxation is calculated at the rates at which it is estimated that taxation will arise. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which the deferred tax asset can be recovered in future periods.

# Birmingham Technology (Property) Limited

## Notes to the financial statements for the year ended 30 June 2004 (continued)

### 1 Principal accounting policies (continued)

#### Statement of cash flows

As the company qualifies as a small company as defined in Section 247 Companies Act 1985, the company has exercised its right in accordance with Financial Reporting Standard 1 (Revised) not to produce a statement of cash flows.

#### Operating leases

Rent payable under operating leases is charged to the profit and loss account as it becomes due.

### 2 Interest payable

	2004	2003
	£	£
On bank loans wholly or partly repayable outside 5 years	(240,918)	(271,771)

### 3 Interest receivable

	2004	2003
	£	£
Bank interest receivable	-	426
Interest receivable from group companies	403,891	121,840
	403,891	122,266

# Birmingham Technology (Property) Limited

## Notes to the financial statements for the year ended 30 June 2004 (continued)

### 4 Profit / (loss) on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging the following amounts:

	2004	2003
	£	£
Management fee payable to parent undertaking	505,036	244,636
Auditor's remuneration:		
Audit fees	8,250	6,875
Non-audit fees	4,250	5,625

None of the directors received any emoluments during the year in respect of their services to the company.

Apart from the directors, the company had no other employees.

#### Operating leases

	2004	2003
	£	£
Operating lease charges - land and buildings	517,957	584,540

The company has a twenty-five year lease of land and buildings from 1 January 1995 on Phase I of the Aston Science Park. It also has 125-year leases from 24 June 1985 on Phases II and III, and 121 year leases from 30 March 1990 on Phases IV, V and VI. Rentals payable under these leases during the year ended 30 June 2004 were £517,957 (2003: £584,540) and are payable based on occupancy levels by tenant companies on Phase I and on rents receivable on the other phases.

#### Exceptional items

The exceptional operating costs of £686,000 relate to a provision for impairment of one of the company's investment properties. Following a decision by the Board to vacate this property and relocate tenants to other Science Park accommodation, an impairment is considered to have arisen and in accordance with FRS 11, an assessment has been made of the net present value of future cash flows from this property. Future costs are expected to equate to rent receivable and hence the property has been written down to £nil.

# Birmingham Technology (Property) Limited

## Notes to the financial statements for the year ended 30 June 2004 (continued)

### 5 Tax on profit / (loss) on ordinary activities

#### Analysis of charge in year:

	2004	2003
	£	£
<b>Current tax:</b>		
<b>Corporation tax:</b>		
UK corporation tax / (credit) on profits of the period	(46,059)	-
Deferred tax charge/(credit):		
Current year	26,907	(17,759)
Prior year adjustment	26,084	-
Origination and reversal of timing differences	52,991	(17,759)
<b>Tax on profit for the year</b>	<b>6,932</b>	<b>(17,759)</b>

#### Factors affecting tax charge for the year:

	2004	2003
	£	£
Profit / (loss) on ordinary activities before taxation	(754,340)	187,614
Tax / (credit) at the standard UK rate of corporation tax 30% (2003:30%)	(226,302)	56,284
Effects of:		
Capital Allowances for year in excess of depreciation	(26,250)	(57,634)
Expenses not deductible for tax purposes	207,150	1,350
Utilisation of tax losses brought forward	(48,891)	-
Losses arising in the year and not utilised	48,234	-
<b>Current tax charge for the period</b>	<b>(46,059)</b>	<b>-</b>

Based on current capital investment plans, there are no significant factors that will affect the tax charge in future years.

# Birmingham Technology (Property) Limited

## Notes to the financial statements for the year ended 30 June 2004 (continued)

### 6 Investment properties

Valuation	£
Valuation at 30 June 2003	10,166,035
Additions	691
Transfers from associate company	478,956
Provision for impairment	(686,000)
<b>Valuation at 30 June 2004</b>	<b>9,959,682</b>
The historical cost of investment properties, net of grants received, comprises:	
Gross cost of construction at 30 June 2003	10,031,412
Additions during the year	691
Transfers from associate company	478,956
Less provision for impairment	(344,000)
<b>Gross cost of construction at 30 June 2004</b>	<b>10,167,059</b>
Capital grants received and receivable as at 30 June 2003 and 2004	(3,952,983)
<b>Net cost</b>	<b>6,214,076</b>
<b>Revaluation surplus</b>	<b>3,745,606</b>

The company acquired an investment property at market value from an associate company, Aston Science Park Limited during the year. The Directors' have assessed the values of investment properties at 30 June 2004 and consider that a provision is required for one property. The amount has provided against the previous valuation in full at 30 June 2004.

The amount of interest included in the historical cost of investment properties, in accordance with the accounting policy in Note 1, was £513,579 (2003: £513,579).

In accordance with the accounting policy in note 1, all investment properties that are complete and available to let have been revalued. Completed investment properties at 30 June 2001, comprising Phases I to VI, were valued by Phoenix Beard, Property Consultants, on an open market, existing use basis. The directors propose no further changes to the valuation as at 30 June 2004.

## Birmingham Technology (Property) Limited

### Notes to the financial statements for the year ended 30 June 2004 (continued)

#### 7 Debtors

	2004	2003
	£	£
Trade debtors	-	397,208
Other debtors	124,693	177,684
Amounts owed by the parent undertaking	5,250,232	6,213,711
Amounts owed by fellow subsidiary undertakings	-	6,760
Amounts owed by associates	-	53,669
Group tax relief receivable	116,398	70,339
Prepayments and accrued income	102,149	78,318
	5,593,472	6,997,689

Other debtors represent £124,693 (2003: £177,684) of deferred tax recoverable on tax losses brought forward.

#### 8 Creditors: amounts falling due within one year

	2004	2003
	£	£
Loan: Wurttembergische Hypothekenbank AG	490,000	490,000
Trade creditors	-	125,229
Amounts owed to fellow subsidiary undertakings	6,389,630	6,389,630
Other creditors	211,862	274,853
Accruals and deferred income	315,394	501,025
	7,406,886	7,780,737

# Birmingham Technology (Property) Limited

## Notes to the financial statements for the year ended 30 June 2004 (continued)

### 9 Creditors: amounts falling due after more than one year

	2004	2003
	£	£
Loans: Württembergische Hypothekenbank AG	3,430,000	3,920,000
The loans are due for repayment as follows:		
Within one year	490,000	490,000
Between one and two years	490,000	490,000
Between two and five years	1,470,000	1,470,000
In five years or more	1,470,000	1,960,000
	3,920,000	4,410,000

Württembergische Hypothekenbank AG has advanced a loan of £4,900,000 for which repayments commenced on 4 November 2003 and end on 4 November 2011. This loan is secured against the property at Phases I to VI of the Aston Science Park. £3,920,000 of this loan was outstanding at 30 June 2004 (2003: £4,410,000). Interest was payable at a rate of 6.2% on £3.5 million and at an average variable rate of 4.5% on the balance of the loan.

### 10 Provisions for liabilities and charges

#### Deferred taxation

The full potential deferred tax liability/(asset), calculated on the liability method at 30% (2003: 30%), is as follows:

	2004	2003
	£	£
Accelerated capital allowances	144,579	90,895
Short term timing differences	(38,228)	(53,711)
Tax losses carried forward	(231,044)	(214,868)
<b>Undiscounted provision for deferred tax</b>	<b>(124,693)</b>	<b>(177,684)</b>

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property was sold or where there is a binding agreement to sell. The total amount of unprovided for is £1,123,682 (2003: £820,268.)

# Birmingham Technology (Property) Limited

## Notes to the financial statements for the year ended 30 June 2004 (continued)

### 11 Called up equity share capital

	2004	2003
	£	£
<b>Authorised:</b>		
'A' Ordinary shares of £1 each	3,750	3,750
'B' Ordinary shares of £1 each	1,250	1,250
	5,000	5,000
<b>Allotted and fully paid:</b>		
'A' Ordinary shares of £1 each	3,750	3,750
'B' Ordinary shares of £1 each	1,250	1,250
	5,000	5,000

The 'A' Ordinary and 'B' Ordinary shares are separate classes of shares but carry the same rights and privileges and rank pari passu in all respects. This includes equality in voting rights and the rights to any remaining assets in the event of the company being wound up.

### 12 Reserves

#### Revaluation reserve

	2004	2003
	£	£
At 30 June 2003	4,087,606	4,087,606
Transfer to profit & loss account	(342,000)	-
At 30 June 2004	3,745,606	4,087,606



# Birmingham Technology (Property) Limited

## Notes to the financial statements for the year ended 30 June 2004 (continued)

### 12 Reserves (continued)

#### Profit and loss account

	2004	2003
	£	£
At 30 June 2003	1,384,934	1,179,561
(Loss) / profit for the financial year	(761,272)	205,373
Transfer from revaluation reserve	342,000	-
At 30 June 2004	965,662	1,384,934

### 13 Operating lease commitments

The company has the following annual commitments under operating leases which expire as follows:

	Expiring after 5 years
	£
Land and buildings	517,957

Certain of the amount of the rents payable is dependent upon current occupancy levels and hence may vary in the future from the amounts stated above.

### 14 Parent undertaking

The parent undertaking is Birmingham Technology Limited, a company incorporated in Great Britain. A copy of the group accounts can be obtained from the Company Secretary, Birmingham Technology Limited, Aston Science Park, Faraday Wharf, Holt Street, Birmingham B7 4BB.

### 15 Related party disclosures

The company received administrative services from its parent undertaking and was recharged £505,036 (2003: £244,636) during the year.

In January 2003, an intercompany trading balance receivable by the Company from its parent undertaking Birmingham Technology Limited was converted to a loan attracting an interest rate of 6.5% (2003: 4%). The amount of the loan at 30 June 2004 was £5,250,232 (2003: £6,213,711). Interest receivable by the Company was £403,891 in the year ended 30 June 2004 (2003: £121,840)