

Birmingham Technology (Property) Limited

Directors' report and accounts

for the year ended 30 June 2003

Registered Number 2188998



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Birmingham Technology (Property) Limited

Directors' report and accounts for the year ended 30 June 2003

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Birmingham Technology (Property) Limited

Directors' report for the year ended 30 June 2003

The directors present their report together with the audited financial statements of the company for the year ended 30 June 2003.

Principal activities

The company is an investment property company. Investment properties are located within the Aston Science Park.

Results and trading

The results for the year are set out on page 4. The profit for the year of £205,373 (2002: profit of £336,274) has been transferred to reserves.

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	(Chairman)
DC Billington	
Sir Albert Bore	
A Kennedy	(Resigned 17 July 2002)
R Fello	(Appointed 17 July 2002)
P Howard	(Resigned 8 July 2003)
N Dawkins	(Appointed 8 July 2003)

None of the directors had any interest (beneficial or otherwise) in the share capital of the company at 30 June 2003 or at any time during the year.

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.

Birmingham Technology (Property) Limited

Directors' report for the year ended 30 June 2003 (continued)

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

A handwritten signature in black ink, appearing to read 'DW Harris', is written over a horizontal line.

DW Harris

Secretary

27 April 2004

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 recognized 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 2003 and of its profit 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
27 April 2004

Birmingham Technology (Property) Limited

Profit and loss account for the year ended 30 June 2003

	Notes	2003 £	2002 £
Turnover			
Rental income	1 (3)	1,658,319	1,746,852
Administrative expenses		(1,321,200)	(1,262,990)
Operating profit		337,119	483,862
Interest payable	2	(271,771)	(343,087)
Interest receivable	3	122,266	-
Profit on ordinary activities before taxation	4	187,614	140,775
Tax on profit on ordinary activities	5	17,759	195,499
Profit for the financial year	12	205,373	336,274

The notes on pages 7 to 17 form part of these accounts.

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 profit before taxation and the retained profit for the year as shown in the profit and loss account and their historical equivalents.

Birmingham Technology (Property) Limited

Statement of total recognised gains and losses

	Notes	2003	2002
		£	£
Profit for the financial year		205,373	336,274
Movement in year		-	(2,181)
Total recognised gains and losses relating to the year		205,373	334,093

Birmingham Technology (Property) Limited

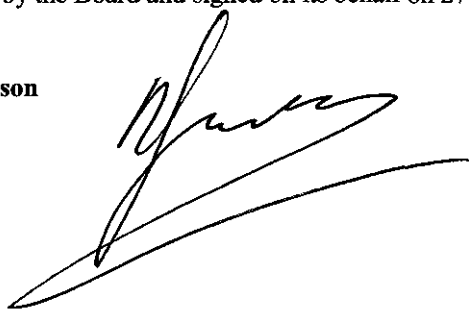
Balance sheet as at 30 June 2003

	Notes	2003 £	2002 £
Fixed assets			
Investment properties	6	10,166,035	10,166,035
Current assets			
Debtors	7	6,997,689	7,925,132
Bank and cash		14,553	30,586
		7,012,242	7,955,718
Creditors: amounts falling due within one year	8	(7,780,737)	(8,439,586)
Net current liabilities		(768,495)	(483,868)
Total assets less current liabilities		9,397,540	9,682,167
Creditors: amounts falling due after more than one year	9	(3,920,000)	(4,410,000)
Provisions for liabilities and charges	10	-	-
		5,477,540	5,272,167
Capital and reserves			
Called up equity share capital	11	5,000	5,000
Revaluation reserve	12	4,087,606	4,087,606
Profit and loss account	12	1,384,934	1,179,561
Shareholders' funds		5,477,540	5,272,167

The notes on pages 7 to 17 form part of these accounts.

Approved by the Board and signed on its behalf on 27 April 2004

ALS Jackson
Director



Birmingham Technology (Property) Limited

Notes to the financial statements for the year ended 30 June 2003

1 Principal accounting policies

(1) Basis of preparation

The accounts are prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with applicable accounting standards. 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 given in note 1(2) below.

(2) 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 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 accounts 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.

(3) Rental income

Rental income includes rent received and receivable in the year.

(4) 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.

Birmingham Technology (Property) Limited

Notes to the financial statements for the year ended 30 June 2003

1 Principal accounting policies (continued)

(5) Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatments for accounts 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.

(6) 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.

(7) Operating leases

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

2 Interest payable

	2003	2002
	£	£
On loans wholly or partly repayable outside 5 years	(271,771)	(343,087)

3 Interest receivable

	2003	2002
	£	£
Bank interest receivable	426	-
Interest receivable from group companies	121,840	-
	122,266	-

Birmingham Technology (Property) Limited

Notes to the financial statements for the year ended 30 June 2003 (continued)

4 Profit on ordinary activities before taxation

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

	2003	2002
	£	£
Management fee payable to parent undertaking	244,636	211,483
Auditor's remuneration:		
Audit fees	6,875	6,431
Non-audit fees	5,625	5,250

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

	2003	2002
	£	£
Operating lease charges - land and buildings	474,988	527,317
- ground rent	109,552	148,414
Total operating lease charges	584,540	675,731

The company has a twenty-five year lease of land and buildings from 1 January 1995 on Phase I of the Aston Science Park and a 125-year lease from 24 June 1985 on Phases II and III. In addition the company pays ground rent on 121 year leases from 30 March 1992 on Phases IV, V and VI. Rentals payable under these leases during the year ended 30 June 2003 were £584,540 (2002: £675,731) and are payable based on occupancy levels by tenant companies on Phase I and on rents receivable on the other phases.

Birmingham Technology (Property) Limited

Notes to the financial statements for the year ended 30 June 2003 (continued)

5 Tax on profit on ordinary activities

Analysis of charge in year:

	2003	2002
	£	£
Current tax:		
UK corporation tax on profits of the period	-	-
Deferred tax charge/(credit):		
Current year	(17,759)	42,233
Prior year adjustment	-	(237,731)
Origination and reversal of timing differences	(17,759)	(195,499)
Tax on profit for the year	(17,759)	(195,499)

The prior year adjustment of £237,731 in the year ended 30 June 2002 comprises additional tax losses available to the company following agreement reached during the year with the Inland Revenue on the treatment of Industrial Building Allowances.

Factors affecting tax charge for the year:

	2003	2002
	£	£
Profit on ordinary activities before taxation	187,614	140,775
Tax at the standard UK rate of corporation tax 30% (2002:30%)	56,284	42,233
Effects of:		
Capital Allowances for year in excess of depreciation	(57,634)	(2,916)
Expenses not deductible for tax purposes	1,350	-
Short term timing differences	-	2,100
Utilisation of brought forward tax losses	-	(41,417)
Current tax charge for the period	-	-

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 2003 (continued)

6 Investment properties

Valuation	£
At 30 June 2002 and 30 June 2003	10,166,035
The historical cost of investment properties, net of grants received, comprises:	
Gross cost of construction at 30 June 2002	10,031,412
Cost of construction during the year	-
Gross cost of construction at 30 June 2003	10,031,412
Capital grants received and receivable as at 30 June 2002 and 2003	(3,952,983)
Net cost	6,078,429
Revaluation surplus	4,087,606

The amount of interest included in the historical cost of investment properties, in accordance with the accounting policy in Note 1(2), is as follows:

	2003	2002
	£	£
Interest capitalised	513,579	513,579

In accordance with the accounting policy in note 1(2), 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 change to the valuation as at 30 June 2003.

Birmingham Technology (Property) Limited

Notes to the financial statements for the year ended 30 June 2003 (continued)

7 Debtors

	2003	2002
	£	£
Trade debtors	397,208	629,338
Other debtors	177,684	159,925
Amounts owed by the parent undertaking	6,213,711	7,015,408
Amounts owed by fellow subsidiary undertakings	6,760	6,760
Amounts owed by associates	53,669	24,619
Group tax relief receivable	70,339	70,339
Prepayments and accrued income	78,318	18,743
	6,997,689	7,925,132

Other debtors represent £177,684 (2002: £159,925) of deferred tax recoverable on tax losses brought forward. (Note 10.)

8 Creditors (amounts falling due within one year)

	2003	2002
	£	£
Loan: Wurttembergische Hypothekenbank AG	490,000	490,000
Trade creditors	125,229	11,406
Amounts owed to fellow subsidiary undertakings	6,389,630	5,662,639
Amounts owed to associates	-	-
Other tax and social security	-	1,557,946
Other creditors	274,853	79,536
Accruals and deferred income	501,025	638,059
	7,780,737	8,439,586

Birmingham Technology (Property) Limited

Notes to the financial statements for the year ended 30 June 2003 (continued)

9 Creditors (amounts falling due after more than one year)

	2003	2002
	£	£
<hr/>		
<u>Loans:</u>		
Württembergische Hypothekenbank AG	3,920,000	4,410,000
<hr/>		
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	1,960,000	2,450,000
	4,410,000	4,900,000
<hr/>		

Württembergische Hypothekenbank AG has advanced a loan of £4,900,000 for which repayments commenced on 4 November 2002 and end on 4 November 2011. This loan is secured against the property at Phases I to VI of the Aston Science Park.

Birmingham Technology (Property) Limited

Notes to the financial statements for the year ended 30 June 2003 (continued)

10 Provisions for liabilities and charges

Deferred taxation

The full potential deferred tax liability/(asset), calculated on the liability method at 30% (2002: 30%), is as follows:

	2003	2002
	£	£
Accelerated capital allowances	90,895	116,091
Short term timing differences	(53,711)	(50,120)
Tax losses carried forward	(214,868)	(225,896)
Undiscounted provision for deferred tax	(177,684)	(159,925)
As at 30 June 2002 restated	(159,925)	35,574
Prior year adjustment	-	(237,732)
Deferred tax charge in profit and loss account for the year	(17,759)	42,233
As at 30 June 2003	(177,684)	(159,925)

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 £820,268 (2002: £820,268.)

Birmingham Technology (Property) Limited

Notes to the financial statements for the year ended 30 June 2003 (continued)

11 Called up equity share capital

	2003	2002
	£	£
Authorised:		
'A' Ordinary shares of £1 each	3,750	3,750
'B' Ordinary shares of £1 each	1,250	1,250
	5,000	5,000
Allotted and fully paid:		
'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

	2003	2002
	£	£
At 30 June 2002	4,087,606	4,089,787
Surplus/(deficit) arising during the year	-	(2,181)
At 30 June 2003	4,087,606	4,087,606

Birmingham Technology (Property) Limited

Notes to the financial statements for the year ended 30 June 2003 (continued)

12 Reserves (continued)

Profit and loss account

	2003	2002
	£	£
At 30 June 2002 as previously reported	1,179,561	878,861
Prior year adjustment – FRS 19	-	(35,574)
As at 30 June 2002 restated	1,179,561	843,287
Movement in the year	205,373	336,274
At 30 June 2003	1,384,934	1,179,561

13 Movement in shareholders' funds

	2003	2002
	£	£
Profit for the financial year	205,373	336,274
Revaluation	-	(2,181)
Net increase in shareholders funds	205,373	334,093
Opening shareholders' funds	5,272,167	4,938,074
Closing shareholders' funds	5,477,540	5,272,167

Birmingham Technology (Property) Limited

Notes to the financial statements for the year ended 30 June 2003 (continued)

14 Operating lease commitments

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

	Expiring after 5 years
	£
Land and buildings (phases I-III)	474,988
Ground rent (phases IV-VI)	109,552
	584,540

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.

15 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.

16 Related party disclosures

The company received administrative services from its parent undertaking and was recharged £244,636 (2002: £211,483) during the year.

On 1 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 4%. The amount of the loan at 30 June 2003 is £6,213,711. Interest receivable by the Company totalled £121,840 in the year ended 30 June 2003.