

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED
(REGISTERED NUMBER 2188998)

DIRECTORS' REPORT AND ACCOUNTS

30 June 2001



BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2001

The directors present their report together with the audited financial statements of the company for the year ended 30 June 2001.

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 £144,101 (2000: £169,060) 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)
J Alden	(appointed 10 October 2000, resigned 30 January 2001)
DC Billington	
Sir Albert Bore	
G Coyne	(resigned 10 October 2000)
A Kennedy	(appointed 10 October 2000)
MJ Whitby	(resigned 10 October 2000, re-appointed 30 January 2001, resigned 30 October 2001)
P Howard	(appointed 30 October 2001)

None of the directors had any interest (beneficial or otherwise) in the share capital of the company at 30 June 2001 or at any time during the year.

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2001 (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 reappoint PricewaterhouseCoopers as auditors will be proposed at the annual general meeting. PricewaterhouseCoopers have indicated their willingness to be re-appointed.

By Order of the Board



DW HARRIS
Secretary

4 MAR 2002

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AUDITORS' REPORT TO THE MEMBERS OF BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention as modified by the revaluation of investment properties and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established by statute in the United Kingdom, the Auditing Practices Board and our profession's ethical guidance.

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. 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 mis-statements or material inconsistencies with the financial statements.

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 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 mis-statement, 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 as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors**

4 MAR 2002

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
TURNOVER			
Rental income	1(3)	1,801,055	1,914,216
Administrative expenses		<u>(1,262,124)</u>	<u>(1,245,994)</u>
OPERATING PROFIT		538,931	668,222
Interest payable	2	<u>(394,830)</u>	<u>(499,162)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	144,101	169,060
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR	11	<u>144,101</u>	<u>169,060</u>

The notes on pages 7 to 12 form part of these accounts.

Movements on reserves are set out in note 11.

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 equivalent.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
Profit for the financial year		144,101	169,060
Unrealised surplus on revaluation of properties	11	<u>618,311</u>	<u>-</u>
TOTAL RECOGNISED GAINS & LOSSES RELATING TO THE YEAR		<u>762,412</u>	<u>169,060</u>

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

BALANCE SHEET AS AT 30 JUNE 2001

	Notes	<u>2001</u> £	<u>2000</u> £
FIXED ASSETS			
Investment properties	5	<u>10,166,035</u>	<u>9,542,450</u>
CURRENT ASSETS			
Debtors	6	6,672,970	7,242,483
Cash at bank		<u>17,938</u>	<u>10,765</u>
		6,690,908	7,253,248
CREDITORS (amounts falling due within one year)	7	<u>(6,983,295)</u>	<u>(7,684,462)</u>
NET CURRENT LIABILITIES		<u>(292,387)</u>	<u>(431,214)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,873,648	9,111,236
CREDITORS (amounts falling due after more than one year)	8	<u>(4,900,000)</u>	<u>(4,900,000)</u>
		<u>4,973,648</u>	<u>4,211,236</u>
CAPITAL AND RESERVES			
Called up equity share capital	10	5,000	5,000
Revaluation reserve	11	4,089,787	3,471,476
Profit and loss account	11	<u>878,861</u>	<u>734,760</u>
SHAREHOLDERS' FUNDS	12	<u>4,973,648</u>	<u>4,211,236</u>

The notes on pages 7 to 12 form part of these accounts.

Approved by the Board and signed on its behalf on **4 MAR 2002**

ALS Jackson
DIRECTOR

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 2001

1 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 ACCOUNTS - 30 JUNE 2001 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(5) Tangible assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight-line basis to write off the cost of the assets over their estimated useful lives. The rates of depreciation are as follows:

Long leasehold land and buildings - car park 20% per annum

(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 not to produce a statement of cash flows.

2 INTEREST PAYABLE

	<u>2001</u>	<u>2000</u>
	£	£
On loans wholly or partly repayable outside 5 years	392,380	393,263
On loans from group undertakings	<u>2,450</u>	<u>105,899</u>
	<u>394,830</u>	<u>499,162</u>

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	<u>2001</u>	<u>2000</u>
	£	£
Management fee payable to parent undertaking	268,947	285,992
Auditor's remuneration:		
Audit fees	7,200	5,455
Non-audit fees	11,750	8,048
	<u> </u>	<u> </u>

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

	<u>2001</u>	<u>2000</u>
	£	£
Operating lease charges - land and buildings	699,216	723,529
	<u> </u>	<u> </u>

The company has a twenty-five year lease from 1 January 1995 on Phase I of the Aston Science Park, 125-year leases from 24 June 1985 on Phases II and III, and 121 year leases from 30 March 1992 on Phases IV, V and VI. Rentals payable under these leases during the year ended 30 June 2001 were £699,216 (2000 - £723,529) 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 ACCOUNTS - 30 JUNE 2001 (CONTINUED)

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no tax charge on the profit for the year (2000 - £Nil).

5 INVESTMENT PROPERTIES

<u>Cost or valuation</u>	£
At 30 June 2000	9,542,450
Additional capitalisation during the year	5,274
Revaluation (net of capital grants and contributions)	<u>618,311</u>
Valuation at 30 June 2001	<u>10,166,035</u>

The historical cost of investment properties, net of grants received, comprises:

At 30 June 2001	
Gross cost of construction	10,029,231
Capital grants received and receivable	(3,952,983)
Construction loan converted to a grant in the period	-
Net cost	<u>6,076,248</u>
Revaluation surplus	<u>4,089,787</u>

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:

	<u>2001</u>	<u>2000</u>
	£	£
Interest capitalised	<u>513,579</u>	<u>506,231</u>

In accordance with the accounting policy in note 1(2), all investment properties which are complete and available for letting 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.

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 2001 (CONTINUED)

6 DEBTORS

	<u>2001</u>	<u>2000</u>
	£	£
Trade debtors	548,585	605,036
Amounts owed by the parent undertaking	6,024,641	6,525,814
Amounts owed by fellow subsidiary undertakings	6,760	6,760
Group tax relief receivable	70,339	70,339
Prepayments and accrued income	<u>22,645</u>	<u>34,534</u>
	<u>6,672,970</u>	<u>7,242,483</u>

7 CREDITORS (amounts falling due within one year)

	<u>2001</u>	<u>2000</u>
	£	£
Trade creditors	219,871	20,676
Amounts owed to parent company	-	1,557,072
Amounts owed to fellow subsidiary undertakings	4,805,393	3,943,037
Amounts owed to associates	57,672	325,945
Other tax and social security	1,148,289	721,870
Other creditors	78,887	99,018
Accruals and deferred income	<u>673,183</u>	<u>1,016,844</u>
	<u>6,983,295</u>	<u>7,684,462</u>

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 2001 (CONTINUED)

8 CREDITORS (amounts falling due after more than one year)

	<u>2001</u>	<u>2000</u>
	£	£

Loans:

Württembergische Hypothekenbank AG	4,900,000	4,900,000
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(1) Loans are due for repayment as follows:

	<u>2001</u>	<u>2000</u>
	£	£
Within one year	-	-
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	<u>2,940,000</u>	<u>2,940,000</u>
	<u>4,900,000</u>	<u>4,900,000</u>

Württembergische Hypothekenbank AG has advanced a loan of £4,900,000 for which repayments will commence 4 November 2002 and end on 4 November 2011. This loan is secured against the property at Phases 1 to 6 of Aston Science Park.

9 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

No provision has been made for deferred taxation as a liability is not expected to crystallise in respect of revalued properties.

The full potential deferred tax liability/(asset), calculated on the liability method at 30% (2000 - 30%), is as follows:

	<u>2001</u>	<u>2000</u>
	£	£
Accelerated capital allowances	113,175	109,287
Short term timing differences	(66,036)	(49,331)
Revaluation surplus	820,268	668,184
Excess management expenses carried forward	<u>(11,565)</u>	<u>(118,930)</u>
	<u>855,842</u>	<u>609,210</u>

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 2001 (CONTINUED)

10 CALLED UP EQUITY SHARE CAPITAL

	<u>2001</u>	<u>2000</u>
	£	£
Authorised:		
'A' Ordinary shares of £1 each	3,750	3,750
'B' Ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>
	5,000	5,000
	<hr/>	<hr/>
Allotted and fully paid:		
'A' Ordinary shares of £1 each	3,750	3,750
'B' Ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>
	5,000	5,000
	<hr/>	<hr/>

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.

11 RESERVES

	<u>Revaluation</u>	<u>Profit</u>
	<u>reserve</u>	<u>and loss</u>
	£	£
At 30 June 2000	3,471,476	734,760
Profit for the year	-	144,101
Revaluation	<u>618,311</u>	<u>-</u>
At 30 June 2001	<hr/>	<hr/>
	4,089,787	878,861

12 MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2001</u>	<u>2000</u>
	£	£
Profit for the financial year	144,101	169,060
Revaluation	618,311	-
OPENING SHAREHOLDERS' FUNDS	<u>4,211,236</u>	<u>4,042,176</u>
CLOSING SHAREHOLDERS' FUNDS	<hr/>	<hr/>
	4,973,648	4,211,236

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 2001 (CONTINUED)

13 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.

14 RELATED PARTY DISCLOSURES

The company received administrative services from its parent undertaking and was recharged £268,947 (2000: £285,992) during the year. In addition property rentals, which are calculated on an arms length basis and based on normal market rates, of £21,511 (2000: £70,258) were received during the year from group companies.