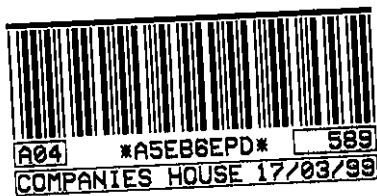


**BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED**  
**(REGISTERED NUMBER 2188998)**

**DIRECTORS' REPORT AND ACCOUNTS**

**30 June 1998**



# **BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1998**

The directors present their report together with the audited financial statements of the company for the year ended 30 June 1998.

### **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 £203,761 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 13 October 1998)
A Bore	
MJ Brooks	(Resigned 29 July 1997)
DC Billington	
FV Coyne	(Resigned 28 July 1998)
G Coyne	(Appointed 29 July 1997)

None of the directors had any interest (beneficial or otherwise) in the share capital of the company at 30 June 1998 or at any time during the year.

### **YEAR 2000 COMPLIANCE**

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The company is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks.

## **BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1998 (CONTINUED)**

#### **EUROPEAN MONETARY UNION (EMU)**

There will be limited immediate impact on the company of the EMU. However, the key business issues that are likely arise in the future from the introduction of the Euro are being addressed by the management.

#### **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**

From 1 July 1998, Price Waterhouse and Coopers & Lybrand merged to form PricewaterhouseCoopers. Consequently, Price Waterhouse have resigned as auditors of the company and PricewaterhouseCoopers have been appointed to fill the casual vacancy. PricewaterhouseCoopers have indicated their willingness to be re-appointed.

By Order of the Board



DW HARRIS  
Secretary

26 January 1999

PricewaterhouseCoopers  
Cornwall Court  
19 Cornwall Street  
Birmingham B3 2DT  
Telephone +44 (0) 121 200 3000  
Facsimile +44 (0) 121 200 2464

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

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

### Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

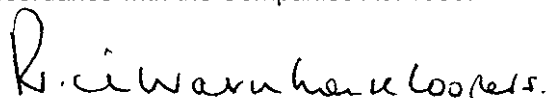
### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 1998 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**

26 January 1999

# **BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1998**

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
<b>TURNOVER</b>			
Rental income	1(3)	1,751,650	1,858,640
Administrative expenses		<u>(1,057,789)</u>	<u>(1,074,053)</u>
<b>OPERATING PROFIT</b>		693,861	784,587
Interest receivable	2	593	17,184
Interest payable	3	<u>(490,693)</u>	<u>(435,686)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	203,761	366,085
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	12	<u>£203,761</u>	<u>£366,085</u>

The results of the company arises 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.

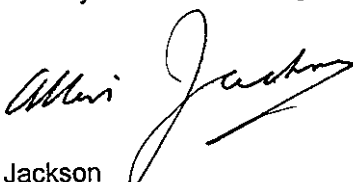
The company has no recognised gains and losses other than the profit for the year.

# BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

## BALANCE SHEET - 30 JUNE 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
<b>FIXED ASSETS</b>			
Investment properties	6	9,540,000	9,540,000
Tangible assets	7	<u>1</u>	<u>1</u>
		9,540,001	9,540,001
<b>CURRENT ASSETS</b>			
Debtors	8	3,330,150	875,339
Cash at bank		<u>2,015</u>	<u>41,904</u>
		3,332,165	917,243
<b>CREDITORS (amounts falling due within one year)</b>	9	<u>(4,514,103)</u>	<u>(2,302,942)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,181,938)</u>	<u>(1,385,699)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,358,063	8,154,302
<b>CREDITORS (amounts falling due after more than one year)</b>	10	<u>(4,900,000)</u>	<u>(4,900,000)</u>
		<u>£3,458,063</u>	<u>£3,254,302</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	11	5,000	5,000
Revaluation reserve	12	3,026,476	3,026,476
Profit and loss account	12	<u>426,587</u>	<u>222,826</u>
<b>SHAREHOLDERS' FUNDS</b>	13	<u>£3,458,063</u>	<u>£3,254,302</u>

Approved by the Board and signed on its behalf on 26 January 1999

  
ALS Jackson  
DIRECTOR

# **BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED**

## **NOTES TO THE ACCOUNTS - 30 JUNE 1998**

### **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 1998 (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
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#### (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 RECEIVABLE

	<u>1998</u>	<u>1997</u>
On money market deposits	£593	£17,184
	<u>      </u>	<u>      </u>

### 3 INTEREST PAYABLE

	<u>1998</u>	<u>1997</u>
On loans wholly or partly repayable outside 5 years	405,346	410,952
On loans from group undertakings	<u>85,347</u>	<u>24,734</u>
	<u>£490,693</u>	<u>£435,686</u>



# BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

## NOTES TO THE ACCOUNTS - 30 JUNE 1998 (CONTINUED)

### 4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	<u>1998</u>	<u>1997</u>
Management fee payable to parent undertaking	£258,154	£281,962
Auditor's remuneration:		
Audit fees	£5,000	£5,000
Non-audit fees	£5,000	£5,000
	<u>          </u>	<u>          </u>

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

#### Operating leases

	<u>1998</u>	<u>1997</u>
Operating lease charges - land and buildings	£600,091	£651,165
	<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 1998 were £600,091 (1997 - £651,165) and are payable based on occupancy levels by tenant companies on Phase I and on rents receivable on the other phases.

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no tax charge on the profit for the year (1997 - £Nil).

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% (1997 - 31%), is as follows:

	<u>1998</u>	<u>1997</u>
Accelerated capital allowances	99,098	93,536
Short term timing differences	(60,770)	(59,432)
Revaluation surplus	564,253	634,150
Excess management expenses carried forward (restricted)	<u>(211,127)</u>	<u>(290,020)</u>
	<u>£391,454</u>	<u>£378,234</u>

Excess management expenses carried forward for relief against future profits amount to £704,000 at 30 June 1998 (1997 - £935,550).

# BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

## NOTES TO THE ACCOUNTS - 30 JUNE 1998 (CONTINUED)

### 6 INVESTMENT PROPERTIES

#### Cost or valuation

At 30 June 1997 9,540,000

Revaluation (net of capital grants and contributions) -

Valuation at 30 June 1998 £9,540,000

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

0

At 30 June 1997 and 30 June 1998

Gross cost of construction 10,021,507  
Capital grants received and receivable (3,507,983)

Net cost 6,513,524

Revaluation surplus £3,026,476

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:

At 30 June 1998 and 30 June 1997 £506,231

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 1998, comprising Phases I to VI, were valued by the directors on an open market, existing use basis.

A professional valuation on an open market, existing use basis of the completed investment properties comprising Phases I to VI was performed as at 30 June 1996 by King Sturge & Co, Chartered Surveyors.

# BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

## NOTES TO THE ACCOUNTS - 30 JUNE 1998 (CONTINUED)

### 7 TANGIBLE ASSETS

	Long leasehold land and buildings (car park)
<b><u>Cost</u></b>	
At 30 June 1997	43,462
Additions	-
At 30 June 1998	43,462
<b><u>Depreciation</u></b>	
At 30 June 1997	43,461
Charge for the year	-
At 30 June 1998	43,461
<b><u>Net book amount</u></b>	
At 30 June 1998	£1
At 30 June 1997	£1

### 8 DEBTORS

	1998	1997
Trade debtors	585,711	410,154
Amounts owed by the parent undertaking	2,660,124	326,466
Amounts owed by fellow subsidiary undertakings	6,760	13,195
Group tax relief receivable	70,339	70,339
Prepayments and accrued income	7,216	55,185
	<u>£3,330,150</u>	<u>£875,339</u>

# BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

## NOTES TO THE ACCOUNTS - 30 JUNE 1998 (CONTINUED)

### 9 CREDITORS (amounts falling due within one year)

	<u>1998</u>	<u>1997</u>
Trade creditors	15,546	79,378
Amounts owed to parent company	937,767	-
Amounts owed to fellow subsidiary undertakings	2,141,368	1,151,736
Amounts owed to associates	271,336	-
Other tax and social security	86,401	77,872
Other creditors	31,914	39,307
Accruals and deferred income	<u>1,029,771</u>	<u>954,649</u>
	<u>£4,514,103</u>	<u>£2,302,942</u>

### 10 CREDITORS (amounts falling due after more than one year)

	<u>1998</u>	<u>1997</u>
<b>Loans:</b>		
Württembergische Hypothekenbank AG	£4,900,000	£4,900,000

#### (1) Loans are due for repayment as follows:

	<u>1998</u>	<u>1997</u>
Within one year	-	-
Between one and two years	-	-
Between two and five years	980,000	490,000
In five years or more	<u>3,920,000</u>	<u>4,410,000</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 2001 and end on 4 November 2010. This loan is secured against the property at Phases 1 to 6 of Aston Science Park.

# BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

## NOTES TO THE ACCOUNTS - 30 JUNE 1998 (CONTINUED)

### 11 CALLED UP EQUITY SHARE CAPITAL

	<u>1998</u>	<u>1997</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
	<u>=====</u>	<u>=====</u>
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
	<u>=====</u>	<u>=====</u>

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

	<u>Revaluation reserve</u>	<u>Profit and loss account</u>
At 30 June 1997	3,026,476	222,826
Profit for the year	<u>-</u>	<u>203,761</u>
At 30 June 1998	£3,026,476	£426,587
	<u>=====</u>	<u>=====</u>

### 13 MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1998</u>	<u>1997</u>
Profit for the financial year	203,761	366,085
OPENING SHAREHOLDERS' FUNDS	<u>3,254,302</u>	<u>2,888,217</u>
CLOSING SHAREHOLDERS' FUNDS	<u>£3,458,063</u>	<u>£3,254,302</u>
	<u>=====</u>	<u>=====</u>

## **BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED**

### **NOTES TO THE ACCOUNTS - 30 JUNE 1998 (CONTINUED)**

#### **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, Love Lane, Birmingham B7 4BJ.

#### **15 RELATED PARTY DISCLOSURES**

The company received administrative services from its parent undertaking and was recharged £258,391 (1997 : 281,962) during the year. In addition property rentals, which are calculated on an arms length basis and based on normal market rates, of £68,017 (1997 : £93,410) were received during the year from group companies.