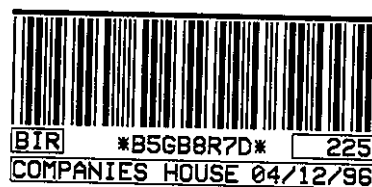


BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED
(REGISTERED NUMBER 2188998)

DIRECTORS' REPORT AND ACCOUNTS

30 June 1996



BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1996

The directors present their report together with the audited financial statements of the company for the year ended 30 June 1996.

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 £250,608 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)
A Bore	
MJ Brooks	
DC Billington	(appointed 19 September 1995)
FV Coyne	(appointed 23 July 1996)

None of the directors had any interest (beneficial or otherwise) in the share capital of the company at 30 June 1996 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.

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1996 (CONTINUED)


STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

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

The auditors, Price Waterhouse, have indicated their willingness to be re-appointed. A resolution for their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board

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

DW HARRIS
Secretary

26 November 1996

Price Waterhouse



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

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on pages 1 and 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

**PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors**

26 November 1996

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
TURNOVER			
Rental income	1(3)	1,804,914	1,612,556
Administrative expenses	5	(1,108,393)	(1,013,683)
OPERATING PROFIT		696,521	598,873
Interest receivable	2	14,403	9,320
Interest payable	3	(460,316)	(434,116)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	250,608	174,077
Tax on profit on ordinary activities	6	-	-
PROFIT FOR THE FINANCIAL YEAR	14	<u>£250,608</u>	<u>£174,077</u>

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

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

BALANCE SHEET - 30 JUNE 1996

	Notes	1996	1995
FIXED ASSETS			
Investment properties	7	9,540,000	9,101,076
Tangible assets	8	<u>1</u>	<u>2,541</u>
		9,540,001	9,103,617
CURRENT ASSETS			
Debtors	9	965,501	718,996
Cash at bank		<u>129,352</u>	<u>214,916</u>
		1,094,853	933,912
CREDITORS (amounts falling due within one year)	10	<u>(2,573,906)</u>	<u>(2,314,000)</u>
NET CURRENT LIABILITIES		<u>(1,479,053)</u>	<u>(1,380,088)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,060,948	7,723,529
CREDITORS (amounts falling due after more than one year)	11	(5,172,731)	(5,532,827)
Provisions for liabilities and charges	12	<u>-</u>	<u>(126,076)</u>
		<u>£2,888,217</u>	<u>£2,064,626</u>
CAPITAL AND RESERVES			
Called up equity share capital	13	5,000	5,000
Revaluation reserve	14	3,026,476	2,453,493
Profit and loss account	14	<u>(143,259)</u>	<u>(393,867)</u>
SHAREHOLDERS' FUNDS		<u>£2,888,217</u>	<u>£2,064,626</u>

Approved by the Board and signed on its behalf on 26 November 1996

DIRECTOR



BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 1996

	<u>1996</u>	<u>1995</u>
Profit for the financial year	250,608	174,077
Unrealised surplus on revaluation of properties	<u>572,983</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>£823,591</u>	<u>£174,077</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

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.

MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
Profit for the financial year	250,608	174,077
Other recognised gains and losses relating to the year	<u>572,983</u>	<u>-</u>
NET ADDITION TO SHAREHOLDERS' FUNDS	823,591	174,077
OPENING SHAREHOLDERS' FUNDS	<u>2,064,626</u>	<u>1,890,549</u>
CLOSING SHAREHOLDERS' FUNDS	<u>£2,888,217</u>	<u>£2,064,626</u>

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1996

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. Previously, SSAP 19 required the amount by which the aggregate deficit exceeded the amount in the investment revaluation reserve to be charged to the profit and loss account, irrespective of whether the deficit to be temporary or permanent.

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 1996 (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>1996</u>	<u>1995</u>
On money market deposits	£14,403	£9,320

3 INTEREST PAYABLE

	<u>1996</u>	<u>1995</u>
On loans wholly or partly repayable outside 5 years	378,674	340,397
On loans from group undertakings	<u>81,642</u>	<u>93,719</u>
	£460,316	£434,116

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1996 (CONTINUED)

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	<u>1996</u>	<u>1995</u>
	£	£
Management fee payable to parent undertaking	263,809	236,645
Depreciation	2,540	8,496
Auditor's remuneration:		
Audit fees	4,500	4,500
Non-audit fees	3,000	5,300
	<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>1996</u>	<u>1995</u>
Operating lease charges - land and buildings	£665,243	£596,226
	<u> </u>	<u> </u>

The company has a twenty year lease from 1 January 1983 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 1996 were £665,243 (1995 - £596,226) and are payable based on occupancy levels by tenant companies on Phase I and on rents receivable on the other phases.

As at 30 June 1996 the Phase 1 lease has an unexpired term of six years. However the lease has not been amortised as recommended by Statement of Standard Accounting Practice 19 as the lessor has indicated that this lease will be extended for a further twenty year period from 1 January 2003.

5 EXCEPTIONAL ITEM

Administrative expenses are stated after crediting:

	<u>1996</u>	<u>1995</u>
Provision for costs associated with the reinstatement of a canal retaining wall	£16,000	£15,000
	<u> </u>	<u> </u>

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1996 (CONTINUED)

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no tax charge on the profit for the year (1995 - £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 33%, is as follows:

	<u>1996</u>	<u>1995</u>
Accelerated capital allowances	86,987	72,519
Short term timing differences	(62,847)	(68,680)
Revaluation surplus	719,362	306,377
Excess management expenses carried forward (restricted)	<u>(398,607)</u>	<u>(310,216)</u>
	<u>£344,895</u>	<u>£-</u>

Excess management expenses carried forward for relief against future profits amount to £1,207,899 at 30 June 1996 (1995 - £1,241,444).

7 INVESTMENT PROPERTIES

Cost or valuation

	<u>1996</u>
At 30 June 1995	9,101,076
Revaluation (net of capital grants and contributions)	<u>438,924</u>
Valuation at 30 June 1996	<u>£9,540,000</u>

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

	<u>1996</u>	<u>1995</u>
At 30 June 1995 and 30 June 1996		
Gross cost of construction	10,021,507	10,029,490
Capital grants received and receivable	<u>(3,507,983)</u>	<u>(3,381,907)</u>
Net cost	<u>6,513,524</u>	<u>6,647,583</u>
Revaluation surplus (see Note 14)	<u>£3,026,476</u>	<u>£2,453,493</u>

A capital contribution of £7,983 has been received during the year and in accordance with the Company's accounting policy has been deducted from the gross cost of construction.

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1996 (CONTINUED)

7 INVESTMENT PROPERTIES (CONTINUED)

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 1996 and 30 June 1995	£506,231
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In accordance with the accounting policy in note 1(2), all investment properties which are complete and available for letting have been revalued.

A professional valuation on an open market, existing use basis of the completed investment properties comprising Phases I to VI was performed as at 5 July 1996 by King Sturge & Co, Chartered Surveyors.

8 TANGIBLE ASSETS

	Long leasehold land and buildings (car park)
<u>Cost</u>	
At 30 June 1995	43,462
Additions	<u>-</u>
At 30 June 1996	43,462
<u>Depreciation</u>	
At 30 June 1995	40,921
Charge for the year	<u>2,540</u>
At 30 June 1996	43,461
<u>Net book amount</u>	
At 30 June 1996	£1
At 30 June 1995	<u>£2,541</u>

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1996 (CONTINUED)

9 DEBTORS

	<u>1996</u>	<u>1995</u>
Trade debtors	507,281	532,991
Amounts owed by the parent undertaking	39,649	40,459
Amounts owed by fellow subsidiary undertakings	9,024	29,020
Group tax relief receivable	70,339	70,339
Other debtors	-	893
Prepayments and accrued income	<u>339,208</u>	<u>45,294</u>
	<u>£965,501</u>	<u>£718,996</u>

10 CREDITORS (amounts falling due within one year)

	<u>1996</u>	<u>1995</u>
Loans (note 11(1))	360,096	360,096
Trade creditors	106,137	313,475
Amounts owed to fellow subsidiary undertakings	1,004,598	737,713
Other tax and social security	63,342	75,587
Other creditors	40,043	73,380
Accruals and deferred income	<u>999,690</u>	<u>753,749</u>
	<u>£2,573,906</u>	<u>£2,314,000</u>

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1996 (CONTINUED)

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

	<u>1996</u>	<u>1995</u>
Loans:		
Amounts due to group undertakings	602,373	602,373
TSB plc	<u>4,930,454</u>	<u>5,290,550</u>
	5,532,827	5,892,923
Less: falling due within one year	<u>(360,096)</u>	<u>(360,096)</u>
	<u>£5,172,731</u>	<u>£5,532,827</u>

(1) Loans are due for repayment as follows:

	<u>1996</u>	<u>1995</u>
Within one year	360,096	360,096
Between one and two years	360,096	360,096
Between two and five years	1,080,288	1,080,288
In five years or more	<u>3,732,347</u>	<u>4,092,443</u>
	<u>£5,532,827</u>	<u>£5,892,923</u>

(2) The holding company has agreed to make loans available to the company on a long term basis to fund its property activities. Interest is charged at the Hill Samuel/TSB money market rate.

(3) TSB Plc has advanced to the company the following loans:

	<u>Initial loan</u>	<u>Outstanding at 30 June 1996</u>
Loan for 20 years repayable over eighteen years commencing April 1992. Interest is charged at ¼% above the London Interbank Offered Rate (LIBOR)	800,000	606,200
Loan for 20 years repayable over eighteen years commencing April 1992. Interest is charged at 3/8% above LIBOR	4,000,000	2,235,828
Loan for 20 years repayable over eighteen years commencing April 1992. Interest is charged at 3/8% above LIBOR	<u>4,500,000</u>	<u>2,088,426</u>
	<u>£9,300,000</u>	<u>£4,930,454</u>

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1996 (CONTINUED)

12 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1996</u>	<u>1995</u>
Deferred capital grants in respect of future expenditure on investment properties:		
At 30 June 1995	126,076	-
Received during the year	-	126,076
Released in respect of revaluations (Note 7)	(126,076)	-
At 30 June 1996	<u>£-</u>	<u>£126,076</u>

13 CALLED UP EQUITY SHARE CAPITAL

	<u>1996</u>	<u>1995</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>
	<u>£5,000</u>	<u>£5,000</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>
	<u>£5,000</u>	<u>£5,000</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.

BIRMINGHAM TECHNOLOGY (PROPERTY) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1996 (CONTINUED)

14 RESERVES

	Revaluation reserve	Profit and loss account
At 30 June 1995	2,453,493	(393,867)
Capital contribution	7,983	-
Profit for the year	-	250,608
Release of grant	126,076	-
Revaluation	<u>438,924</u>	<u>-</u>
At 30 June 1996	<u>£3,026,476</u>	<u>(£143,259)</u>

15 SUBSEQUENT EVENTS

Refinancing of loans

Subsequent to the year end the company has repaid its loan with TSB plc after re-financing its activities with Wurttembergische Hypothekbank Aktiengesellschaft.

The new loan is repayable in instalments starting in 2001.

16 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.