

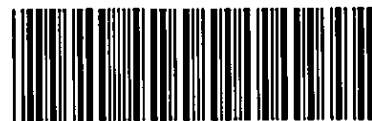
THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2009

Registered Office:
NEC
Birmingham B40 1NT

Tel. No. 0121 780 4141

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NEC (DEVELOPMENTS) PLC
For the year ended 31 March 2009

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Registered Office:
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NEC (DEVELOPMENTS) PLC
For the year ended 31 March 2009

REPORT OF THE DIRECTORS

Report and financial statements

The Directors present their report and the audited financial statements of the company for the year ended 31 March 2009.

Business review

Business structure

The principal activity of the company was to raise finance, construct and operate exhibitions halls 17 to 20 at the National Exhibition Centre, Birmingham ('NEC site').

The company is a joint venture formed between Birmingham City Council ('BCC'), Emap Limited (formally Emap Business Communications Limited) and Birmingham Chamber of Commerce and Industry on 14 May 1997.

BCC and Birmingham Chamber of Commerce and Industry also jointly own the National Exhibition Centre Limited ('NEC'), which manages and operates existing facilities at the NEC site.

The company entered into a Management Agreement with NEC to manage the new exhibition halls.

NEC makes payments to the company on or around 31 March and 30 September in each year, determined by reference to a share of income achieved less costs incurred in the operation of the NEC site as a whole, in accordance with the Management Agreement.

The Management Agreement, which was signed on 14 May 1997, will remain in force for as long as the company is a tenant of the land leased from BCC. The lease term is due to expire on 30 September 2096, but can be terminated by either party on 30 September 2027 after giving not less than six months' notice in writing.

Upon expiry of such notice, BCC will pay the company at that date a sum equal to the lower of the nominal value of the loan stock outstanding and the cost of the premises disclosed in the company's balance sheet as at 31 March 1999 (£68.635m).

Furthermore, in accordance with the Shareholders' Agreement, BCC has guaranteed the solvency of the company, and will if required subscribe cash for deferred shares.

Company's financial performance

The losses of the company for the year are as forecasted and are set out in the profit and loss account on page 7. Fluctuations in revenue and expenditure reflect the cycle of exhibition activity.

Development review and the future

The principal activity of the company remains that of owning and operating exhibition facilities.

Financial Risk Management

Liquidity

Company policy is to ensure continuity of available funding by active management of working capital. Liquidity risk is ultimately mitigated by the solvency guarantees provided by BCC.

Interest rate risk

The company finances its operations through a mixture of loan notes and debenture stock. All of the company's borrowings are in Sterling and therefore this eliminates any foreign currency risk. The company may borrow at both fixed and floating rates of interest. The company's policy is to keep a significant proportion of its borrowings at fixed rates of interest.

Credit risk

The company has no significant concentrations of credit risk.

NEC (DEVELOPMENTS) PLC
For the year ended 31 March 2009

REPORT OF THE DIRECTORS - (Continued)

Capital and finance

The company has in issue 450 £1 Ordinary 'A' Shares owned by Birmingham City Council, 125 £1 Ordinary 'B' Shares owned by Birmingham Chamber of Commerce and Industry and 425 £1 Ordinary 'C' Shares owned by Emap Limited, all of which are fully paid.

The company has in issue 50,000 £1 Preference Shares owned by Birmingham City Council and 50,000 £1 Preference Shares owned by Emap Limited, all of which are fully paid.

The company has in issue and outstanding £73m 7.5625% Guaranteed Unsecured Loan Stock 2027 ('The Loan Stock'). The Loan Stock is constituted and secured by a Trust Deed dated 21 May 1997. The Loan Stock is listed on the London Stock Exchange and is guaranteed by Birmingham City Council. The Loan Stock was issued at a discount price of £99.689 per £100 Loan Stock.

The company has in issue and outstanding £784,000 £1 Unsecured 'A' Loan Notes at zero coupon to each of Birmingham City Council and Emap Limited. The company also has in issue and outstanding £66,000 £1 Unsecured 'B' Loan Notes at 15% coupon to each of Birmingham City Council and Emap Limited. The Loan Notes are fully paid and repayable by the company in instalments commencing on 31 March 2004 for Unsecured 'B' Loan Notes and 31 March 2014 for Unsecured 'A' Loan Notes.

Dividends and transfers to reserves

The Directors recommend that no dividend be declared in respect of the year ended 31 March 2009 (2008:£Nil). The loss for the financial year of £14,000 (2008: loss £14,000) has been transferred to reserves.

Directors

The Directors of the company who have served during the year, all of whom were Non-Executive Directors, were:

Martin D Angle - Chairman
Councillor Mike Whitby
Paul Thandi
Malcolm Gough
David Gilbertson (appointed 1 September 2008)

No emoluments were paid to the Directors of the company (2008:£Nil)

Biographical details of the above Non-Executive Directors are shown below:

Martin D Angle

Martin is a Chartered Accountant, a member of the Securities Institute and a Fellow of the Royal Society of Arts. Martin has held senior executive roles in investment banking, industry and private equity. Martin was Operational Managing Director of Terra Firma Capital Partners.

His other key appointments are:

- Chairman of NEC Limited
- Chairman of Celerant Consulting (resigned July 2008)
- Director of Savills PLC
- Director of NEC Finance PLC
- Director of JSC Severstal
- Director of Dubai International Capital Ilc
- Director of Pennon Group PLC
- Sits on Board of Warwick Business School

REPORT OF THE DIRECTORS - (Continued)

Directors (Continued)

Councillor Mike Whitby

Mike was elected as Leader of Birmingham City Council in June 2004. He was elected to Harborne Ward in 1997, and has been a Parliamentary candidate who has served at the highest level within the Conservative Party.

His other key appointments are:

- Chairman and Managing Director of Skeldings Limited, an engineering manufacturing company based in the West Midlands
- Chairman of City Region of Birmingham, Coventry and Black Country
- Chairman of Aston Science Park Limited
- Director of NEC Limited
- Strategic Board Member of Marketing Birmingham Limited
- Strategic Board Member of Advantage West Midlands
- Director of Performances Birmingham Limited
- Director of Aston Science Park Limited

Paul Thandi

Paul is the chief executive of the National Exhibition Centre Limited which manages the National Exhibition Centre, the LG Arena, International Convention Centre and the National Indoor Arena in Birmingham.

Paul joined the National Exhibition Group as Commercial Director in April 2005. Previously, he was Executive Director of CMP Information where he had full strategic, financial and operational control of the company's largest media portfolio.

Paul represents the NEC Group as follows:

- Chairman of NEC (Ireland) Limited
- Chairman of the Birmingham & Solihull Employment & Skills Board
- Director of GL events NEC Limited
- President of Solihull Chamber of Commerce
- Strategic Board Member of Marketing Birmingham Limited
- Member of CBI West Midlands Council
- Member of Birmingham Prospectus Advisory Board

Malcolm Gough

Malcolm is Group Managing Director sitting on Emap Limited Divisional Board. As of January 2007, Malcolm became responsible for all of EC's mixed-media Retail portfolio, including the UK's largest exhibitions business TPS, the global fashion information website WGSN, Planet Retail, World Retail Congress and the core weekly brands of Retail Week and Drapers.

Malcolm joined Emap in 1981 and has worked throughout the business including editing and publishing.

David Gilbertson

David joined Emap Limited as Chief Executive Officer in March 2008.

His other key appointment is:

- Chairman of John Brown Holdings Limited

NEC (DEVELOPMENTS) PLC
For the year ended 31 March 2009

REPORT OF THE DIRECTORS - (Continued)

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company as at the end of the financial year 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

Corporate governance

The company is exempt from compliance with the Combined Code under the provisions of The Stock Exchange Listing Rules as the company has only debt securities listed.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and have therefore prepared the financial statements on a going concern basis.

Employees

The company has no employees (2008: Nil).

Statement of disclosure of information of auditors

So far as the Directors are aware there is no relevant audit information of which the company's auditors are unaware and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information.

Auditors

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

NEC (DEVELOPMENTS) PLC
For the year ended 31 March 2009

REPORT OF THE DIRECTORS - (Continued)



BY ORDER OF THE BOARD

C STRETTON
Company Secretary
NEC (Developments) Plc
Birmingham B40 1NT
7 September 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEC (DEVELOPMENTS) PLC

We have audited the financial statements of NEC (Developments) plc for the year ended 31 March 2009 which comprise Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 into 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

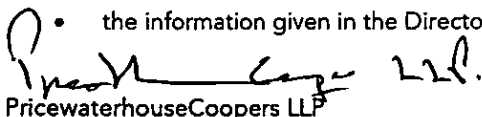
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
7 September 2009

NEC (DEVELOPMENTS) PLC**PROFIT AND LOSS ACCOUNT****For the year ended 31 March 2009**

	Note	2009 £000	2008 £000
Turnover		7,068	7,211
Administrative expenses	2	(1,252)	(1,359)
Operating profit		5,816	5,852
Interest receivable and similar income		12	14
Interest payable and similar charges	4	(5,842)	(5,880)
Loss for the financial year		(14)	(14)

Movement Of Reserves

	2009 £000	2008 £000
At 1 April	(1,285)	(1,271)
Loss for the financial year	(14)	(14)
At 31 March	(1,299)	(1,285)

The above results relate solely to continuing activities.

The company has no recognised gains or losses other than the loss for the financial year and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the losses for the financial year stated above and their historical cost equivalents.

The notes on pages 10 to 17 form part of these financial statements

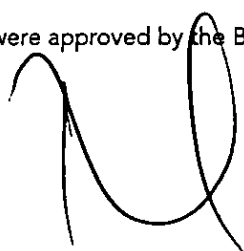
NEC (DEVELOPMENTS) PLC

BALANCE SHEET
At 31 March 2009

		2009	2008
	Note	£000	£000
Fixed Assets			
Tangible assets	6	68,610	68,610
Current Assets			
Debtors	7	1	-
Investments	8	97	624
Cash at bank and in hand		459	10
		557	634
Creditors - amounts falling due within one year			
Creditors	9	(597)	(792)
Net Current Liabilities		(40)	(158)
Total Assets less Current Liabilities		68,570	68,452
Creditors - amounts falling after more than one year			
Borrowings	10	(69,868)	(69,736)
Net Liabilities		(1,298)	(1,284)
Capital and Reserves			
Called up share capital	12	1	1
Profit and loss account		(1,299)	(1,285)
Total Shareholders' Deficit		(1,298)	(1,284)
Shareholders' Deficit			
Equity		(1,398)	(1,384)
Non-equity		100	100
	13	(1,298)	(1,284)

The financial statements on pages 7 to 17 were approved by the Board of Directors on 7 September 2009 and were signed on its behalf by:

Director



NEC (DEVELOPMENTS) PLC**CASH FLOW STATEMENT****For the year ended 31 March 2009**

	Notes	2009 £000	2008 £000
Net Cash Inflow From Operating Activities	14	5,738	3,021
Returns On Investments And Servicing Of Finance			
Interest received		12	14
Interest paid		(5,578)	(5,615)
Net Cash Outflow From Returns On Investments And Servicing Of Finance		(5,566)	(5,601)
Net Cash Inflow/(Outflow) Before Management Of Liquid Resources And Financing		172	(2,580)
Management Of Liquid Resources			
Decrease in money market deposits		527	3,090
Net Cash Inflow From Management Of Liquid Resources		527	3,090
Financing			
Repayment of Borrowings		(250)	(500)
Net Cash Outflow From Financing		(250)	(500)
Increase In Cash	15	449	10

The notes on pages 10 to 17 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom have been consistently applied. A summary of the accounting policies is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention and going concern basis.

Revenue

Income is attributable under an income sharing agreement based on revenue for the whole NEC site and this includes tenancy and ancillary sales generated from conferences, events and exhibitions. Revenue is recognised at the point revenue and the costs associated with the delivery of the services can be reliably measured. It is measured at the fair value of the consideration received or receivable.

Tangible assets

The cost of fixed assets comprises their purchase cost together with any incidental expenses of acquisition. The cost of the land lease premium has been capitalised as land. Buildings include all relevant expenditure incurred, including fixed plant.

Issue costs incurred in raising finance relating to the construction of a fixed asset were capitalised as part of the cost of the fixed asset. Net interest payable, including amortisation of guarantee fees, on such finance up to the completion of the construction period was capitalised as part of the cost of the fixed asset.

Depreciation is calculated to write off the cost less estimated residual value of fixed assets. The residual value of the land, buildings and plant and equipment is equal to the capitalised cost of the new halls of £68,610,000, resulting in a depreciation charge of nil (2008:£Nil).

Investments

The investment reflects short term cash deposits held in low risk treasury investments and are carried at costs less provision for impairment. No provision for impairment has been provided at the year end.

Financial instruments

The company's financial instruments comprise borrowings, some cash and liquid resources and various items such as debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to finance the company's operations.

It is company policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. The policies have remained unchanged since 1 April 2001.

Interest rate risk

The company finances its operations through debenture stock at fixed rates of interest. All of the company's borrowings are in Sterling and therefore this eliminates any foreign currency risk.

Liquidity risk

Company policy is to ensure continuity of available funding by ensuring that the maturity profiles of its borrowings and investments are matched.

Power to amend financial statements

No one has the power to amend the financial statements after issue.

NEC (DEVELOPMENTS) PLC
For the year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

1. Principal accounting policies – (Continued)

Taxation

The charge to tax is based on the results for the year as adjusted for items which are non- assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2. Operating costs

	2009	2008
	£000	£000
Auditors' remuneration - audit fees	9	4
NEC Ltd management fee	852	959
Other	391	396
	1,252	1,359

3. Directors' and employees' emoluments

No emoluments were paid to the Directors of the company (2008:£Nil) for services to this company

The company has no employees (2008: nil).

4. Interest payable and similar charges

	2009	2008
	£000	£000
Interest on loans repayable in more than 5 years:		
7.5625% Guaranteed Unsecured Loan Stock 2027	5,521	5,521
15% Unsecured 'B' Loan Notes	57	95
Amortisation of guarantee fee (see note 10)	264	264
	5,842	5,880

5. Taxation

A charge to tax does not arise as the results for the year, after adjustments for items non-assessable or disallowed, is covered by accumulated trading losses and capital allowances.

6. Tangible assets

	Land	Buildings	Plant & Equipment	Total
	£000	£000	£000	£000
Cost :				
At 1 April 2008 and 31 March 2009	3,100	63,942	1,568	68,610

On 27 May 1997 the company entered into a lease with Birmingham City Council for the land used in the construction of Halls 17 - 20 for consideration of £3,100,000. The lease is for a period of 99 years but can be terminated by the option of either party after 30 years (2027).

Included in Buildings are costs relating to exhibition halls 17 - 20 at the National Exhibition Centre, Birmingham, of which £5,786,455 comprises net interest capitalised.

NEC (DEVELOPMENTS) PLC
For the year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

7. Debtors

	2009	2008
	£000	£000
Amounts falling due within one year:		
Fees due from NEC Limited	1	-

8. Investments

	2009	2008
	£000	£000
Money market investments:		
Bank deposits	97	624

9. Creditors – amount falling due within one year

	2009	2008
	£000	£000
Borrowings	132	250
Amounts due to NEC Limited	-	1
Accruals and deferred income	9	7
VAT	456	534
	597	792

10. Creditors – amount falling due after more than one year

		2009	2008
	Note	£000	£000
7.5625% Guaranteed Unsecured Loan Stock 2027	(a)	73,000	73,000
Less: Guarantee fee	(a)	(7,932)	(7,932)
Guarantee fee amortised brought forward	(a)	2,868	2,604
Guarantee fee amortised during the period	(a)	264	264
		68,200	67,936
Zero % Unsecured 'A' Loan Notes	(b)	1,568	1,568
15% Unsecured 'B' Loan Notes	(c)	-	132
100,000 Preference shares of £1 each	(d)	100	100
		69,868	69,736

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

10. Creditors – amount falling due after more than one year – (Continued)

- a) On 21 May 1997, the company issued £73m 7.5625% Guaranteed Unsecured Loan Stock 2027 ('The Loan Stock') at a discount price of £99.689 per £100 Loan Stock. The discount amounted to £227,000 and was capitalised within fixed assets.

The Loan Stock is constituted and secured by a Trust Deed dated 21 May 1997. The Loan Stock is listed on the London Stock Exchange and is guaranteed by Birmingham City Council.

The guarantee fee paid to Birmingham City Council is being amortised on a straight line basis until expected repayment of the Loan Stock.

- b) On 21 May 1997, the company issued 1.2m Unsecured 'A' £1 Loan Notes, zero coupon to each of Birmingham City Council and Emap Limited. The Loan Notes are fully paid and are repayable by the company in instalments commencing on 31 March 2014.

Early repayments of £416,000 have been made to each of Birmingham City Council and Emap Limited, leaving the total balance outstanding at the year end of £1,568,000 (2008: £1,568,000)

- c) On 21 May 1997, the company issued 1.25m Unsecured 'B' £1 Loan Notes, 15% coupon to each of Birmingham City Council and Emap Limited. The Loan Notes are fully paid and are repayable by the company in equal instalments commencing on 31 March 2004.

Early repayments of £434,000 were made to each of Birmingham City Council and Emap Limited followed by normal annual repayments, which will result in the Loan Notes being fully repaid in 2010. Further, £132,000 (2008: £250,000) is included as borrowing repayable within one year leaving a total balance outstanding at the year of £132,000 (2008: £382,000).

- d) The Preference Shares do not carry any rights to receive a dividend or to participate in the profits of the company. On liquidation or return of capital, the assets of the company available for distribution amongst the members shall be applied in priority to any payment to the holders of any other class of shares in repayment of the amount paid up or credited as paid on the Preference Shares. Holders of the Preference Shares do not have the right to attend or vote at any general meeting of the company.

11. Financial instruments

Interest rate risk profile of financial assets and liabilities.

Financial assets

The company has short term Sterling deposits of £97,000 (2008: £624,000) that earn interest at a floating rate based on the prevailing bank base rate.

As set out in the Directors' report on page 1, the company has an undertaking that Birmingham City Council shall pay upon termination of the lease the company a sum equal to the lower of the Loan Stock outstanding at that date and the cost of the premises disclosed in the company's balance sheet as at 31 March 1999 of £68,635m. It is not practical to give a fair value of this financial asset as the company's fixed assets do not have a readily obtainable open market value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. Financial instruments (Continued)

Financial liabilities

The interest rate profile of the company's financial liabilities at 31 March 2009 was:

	Fixed Rate £000	No interest £000	Non-equity Shares £000	Total £000
Borrowings (Sterling) 2009	73,132	1,568	100	74,800
2008	73,382	1,568	100	75,050

	Fixed rate financial liabilities		Financial liabilities on which no interest is paid Years
	Weighted average interest rate %	Weighted average period to which rate relates Years	
Borrowings (Sterling) 2009	7.58	17	15
2008	7.60	18	16

The preference shares do not carry any rights to receive dividends or to participate in any profits of the company. As these shares do not have a maturity date, in order to prevent distortion of the 'weighted average period to maturity' figure, they have been excluded from the calculation.

Fair values of financial assets and liabilities

Market values have been used to determine fair values.

	2009		2008	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Cash and short term deposits	556	556	634	634
Short and Long term borrowings	(74,700)	(91,155)	(74,950)	(87,493)
Non-equity shares	(100)	(100)	(100)	(100)
	(74,244)	(90,699)	(74,416)	(86,959)

Maturity profile of financial liabilities

	2009 £000	2008 £000
In one year or less	132	250
In more than 1 years but not more than 2 years	-	132
In more than 2 years but not more than 5 years	-	-
In more than 5 years	74,568	74,568
Non-equity shares - no maturity date	100	100
	74,800	75,050

Borrowing facilities

The company has no un-drawn committed borrowing facilities (2008: £Nil).

NEC (DEVELOPMENTS) PLC
For the year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

12. Called up share capital

Authorised

		2009	2008
	Note	£	£
450 Ordinary 'A' shares of £1 each	(a)	450	450
125 Ordinary 'B' shares of £1 each	(a)	125	125
425 Ordinary 'C' shares of £1 each	(a)	425	425
Total Ordinary Shares		1,000	1,000
100,000 Deferred shares of £1 each	(b)	100,000	100,000
		101,000	101,000

Allotted, called up and fully paid

		2009	2008
	Note	£	£
450 Ordinary 'A' shares of £1 each	(c)	450	450
125 Ordinary 'B' shares of £1 each	(c)	125	125
425 Ordinary 'C' shares of £1 each	(c)	425	425
Total Ordinary Shares		1,000	1,000

- a) The 'A', 'B' and 'C' Shares are separate classes of shares and carry the rights to appoint and remove Directors. The 'B' Shares do not carry the right to participate in the profits of the company or the assets of the company available for distribution amongst members but in all other respects the 'B' Shares rank pari passu in all respects as Ordinary Shares.
- b) The Deferred Shares carry the right to a dividend in accordance with the Articles of Association. On liquidation or return of capital, holders of Deferred Shares will receive £1 for each Share held, after payments to Preference and Ordinary Shareholders have been satisfied.

Holders of Deferred Shares do not have the right to attend or vote at any General Meeting of the company

- c) Emap Limited holds all the 'C' Shares for cash at par and 50,000 Preference Shares for cash at par on the terms that they be paid up as to 25p each on issue.

Birmingham Chamber of Commerce and Industry holds all the 'B' Shares for cash at par.

Birmingham City Council holds all the 'A' shares for cash at par and 50,000 Preference Shares for cash at par on the terms that they be paid up as to 25p each on issue.

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

13. Reconciliation of the movement in shareholders' deficit

	2009	2008
	£000	£000
Opening shareholders' deficit	(1,284)	(1,270)
Loss for the period	(14)	(14)
Closing shareholders' funds	(1,298)	(1,284)

14. Reconciliation of operating profit to net cash inflow from operating activities

	2009	2008
	£000	£000
Operating profit	5,816	5,852
(Increase) /Decrease in debtors	(1)	176
Decrease in creditors	(77)	(3,007)
Net Cash Inflow from operating activities	5,738	3,021

15. Reconciliation of net cash inflow to movement in net debt

	2009	2008
	£000	£000
Increase in cash in the period	449	10
Amortisation of guarantee fee	(264)	(264)
Cash outflow from movements in liquid resources	(527)	(3,090)
Repayment of borrowings	250	500
Movement in Net Debt in the year	(92)	(2,844)
Net debt brought forward	(69,352)	(66,508)
Net Debt Carried Forward	(69,444)	(69,352)

Analysed in balance sheet:	2009	2008
	£000	£000
Investments	97	624
Cash at bank and in hand	459	10
Creditors - amounts falling due within one year	(132)	(250)
Creditors - amounts falling after more than one year	(69,868)	(69,736)
	(69,444)	(69,352)

NEC (DEVELOPMENTS) PLC
For the year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

16. Related party transactions

On 14 May 1997, the company signed a Management Agreement with The National Exhibition Centre Limited ('NEC'), for NEC to manage the new exhibition halls (17 to 20).

NEC is jointly owned by Birmingham Chamber of Commerce and Industry and Birmingham City Council and manages the National Exhibition Centre complex.

Emap Limited is a wholly owned subsidiary of Emap International Limited. Emap International Limited and its related companies organise exhibitions at the National Exhibition Centre in the normal course of business.

Loan related transactions between the company and the shareholders are detailed elsewhere within the financial statements.

During the year, the company entered into the following transactions, in the ordinary course of business with NEC:

	2009	2008
	£000	£000
Sales	7,068	7,211
Purchases	1,239	1,353
Amounts owed to related party	-	1
Amounts due from related party	1	-

17. Ultimate parent

The company does not regard any particular shareholder as being an ultimate parent. The control and direction of the company can only be exercised by a majority decision of the Board of Directors.