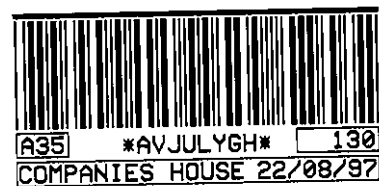


REPORT AND ACCOUNTS

**Birmingham Airport
Developments Limited**

5 APRIL 1997



Birmingham Airport Developments Limited

Registered No 2295119

DIRECTORS

S H Greenwood
P N Hanlon
J L Hudson
F S Hunt
M S Jaspal
D Keogh
A Lewis
B Summers
M Wells

SECRETARY

C J C Westwood

AUDITORS

Ernst & Young
Chartered Accountants
One Colmore Row
Birmingham
B3 2DB

BANKERS

Barclays Bank PLC
15 Colmore Row
Birmingham
B3 2BY

SOLICITORS

Clifford Chance
200 Aldersgate Street
London
EC1A 4JJ

REGISTERED OFFICE

Birmingham International Airport
Birmingham
B26 3QJ

Birmingham Airport Developments Limited

DIRECTORS REPORT

The directors present their report and accounts for the year ended 5 April 1997.

RESULTS

The results for the year are set out on page 5.

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY

The Company's principal activity is the commercial office development of Trinity Park, a site on the edge of the Birmingham International Airport and National Exhibition Centre complex.

Development of the remaining land on the site is currently under consideration.

OPEN MARKET VALUE OF LAND

The replacement cost of work in progress was £750,000 at 5 April 1996 which was based on the open market valuation carried out by Chesterton International Property Consultants as at 5 April 1996.

DIRECTORS AND THEIR INTERESTS

The directors during the period were as follows:

S H Greenwood	(Alternate to F S Hunt, Resigned 22 March 1997, Appointed Director 22 March 1997)
P N Hanlon	(Appointed on 17 June 1997)
J L Hudson	(Appointed on 17 June 1997)
F S Hunt	(Resigned 22 March 1997, Reappointed on 17 June 1997)
M S Jaspal	(Alternate to B Summers, Appointed 23 May 1996, Resigned 26 March 1997 Appointed as a Director on 17 June 1997)
D Keogh	(Appointed on 17 June 1997)
A Lewis	(Appointed on 17 June 1997)
B Summers	
M Wells	(Appointed on 17 June 1997)
D G Lewis	(Alternate to B Summers, Resigned 23 May 1996)

No director had any interest in the share capital of the Company.

AUDITORS

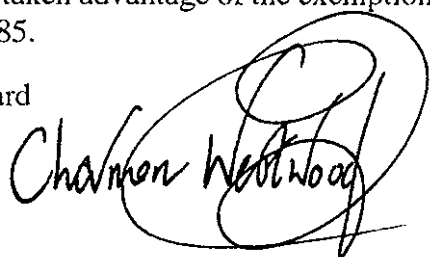
Ernst & Young have confirmed their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the forthcoming Annual General Meeting.

SMALL COMPANY EXEMPTIONS

The directors have taken advantage of the exemptions conferred by Part II of Schedule 8 to the Companies Act 1985.

By order of the board

C J C Westwood
Secretary
9 July 1997



Birmingham Airport Developments Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that the accounts comply with the above requirements.

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 accounts 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 Airport Developments Limited

REPORT OF THE AUDITORS

To the members of Birmingham Airport Developments Limited

We have audited the accounts on pages 5 to 9, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion on the accounts based on our audit and report our opinions to you.

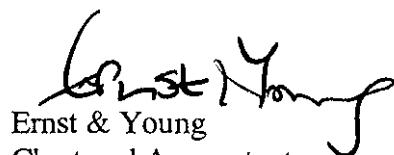
BASIS OF OPINION

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION ON THE ACCOUNTS

In our opinion, the accounts give a true and fair view of the state of affairs of the Company at 5 April 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



Ernst & Young
Chartered Accountants
Registered Auditor
Birmingham

9 July 1997

Birmingham Airport Developments Limited

PROFIT & LOSS ACCOUNT for the year ended 5 April 1997

	<i>Note</i>	<i>1997</i> £	<i>1996</i> £
TURNOVER		-	-
Cost of sales		-	(31,571)
Gross Profit		-	31,571
Administrative Expenses		3,544	1,359
OPERATING (LOSS)/PROFIT	2	(3,544)	30,212
Bank Interest Receivable		1,430	14,653
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,114)	44,865
Tax on Profit on Ordinary Activities	3	(3,767)	14,801
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,653	30,064
Dividend Paid on Equity Shares		100,000	-
(LOSS)/PROFIT FOR THE YEAR		(98,347)	30,064
RETAINED PROFIT BROUGHT FORWARD		372,971	342,907
RETAINED PROFIT CARRIED FORWARD		274,624	372,971

There are no recognised gains and losses other than the loss for the year ended 5 April 1997 and the profit for the year ended 5 April 1996.

Birmingham Airport Developments Limited

BALANCE SHEET at 5 April 1997

	Note	1997 £	1996 £
FIXED ASSETS:			
Investment	4	1	1
CURRENT ASSETS:			
Development Work in Progress	5	251,000	251,000
Debtors	6	20,240	55,796
Cash at bank and in hand		13,830	91,841
		<u>285,070</u>	<u>398,637</u>
CREDITORS:			
amounts falling due within one year	7	10,347	25,567
		<u>10,347</u>	<u>25,567</u>
NET CURRENT ASSETS		274,273	373,070
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>274,724</u>	<u>373,071</u>
SHARE CAPITAL & RESERVES:			
Called up share capital	8	100	100
Profit and loss account		274,624	372,971
	9	<u>274,724</u>	<u>373,071</u>

The directors have taken advantage of the exemptions conferred by Part I of Schedule 8 to the Companies Act 1985, on the grounds that the Company is entitled to the benefit of those exemptions as a small company.

B Summers) Directors
S H Greenwood)

9 July 1997

Birmingham Airport Developments Limited

NOTES TO THE ACCOUNTS at 5 April 1997

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared on a going concern basis and under the historical cost convention.

Work in progress

Work in progress is stated at the lower of cost or net realisable value.

2. OPERATING LOSS/PROFIT

This is stated after charging	1997 £	1996 £
Auditors' remuneration – Audit Services	500	500
– Other Services	2,550	285
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Directors emoluments were nil during the year (1996:NIL). The Company employed no staff during the year (1996:NIL).

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Based on the profit for the year		
Corporation tax	–	15,000
Over Provision in respect of previous year	(3,767)	(199)
	<hr/>	<hr/>
	(3,767)	14,801
	<hr/>	<hr/>

The tax charge for the prior year was reduced by the utilisation of brought forward trading losses.

4. INVESTMENT

Name of Company	Incorporation and Operation	Holding	Proportion Held	Year End	Nature of Business
Trinity Park (Birmingham) Management Ltd	England 17/5/91	Preference Share	100%	5/4/97	Management Company

Birmingham Airport Developments Limited

NOTES TO THE ACCOUNTS at 5 April 1997

5. DEVELOPMENT WORK IN PROGRESS

Work in progress
£

Cost	
At 5 April 1996 and 1997	251,000

The replacement cost of work in progress was £750,000 at 5 April 1996 which was based on the open market valuation carried out by Chesterton International Property Consultants as at 5 April 1996.

6. DEBTORS

<i>1997</i>	<i>1996</i>
£	£

Other debtors	20,240	55,796
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Included within Other Debtors is £20,000 falling due after more than one year (1996:£20,000).

7. CREDITORS: amounts falling due within one year

<i>1997</i>	<i>1996</i>
£	£

Trade creditors	8,317	8,317
Accruals	2,030	2,250
Corporation Tax	-	15,000
	<u>10,347</u>	<u>25,567</u>

8. SHARE CAPITAL

<i>Authorised</i>		<i>Allotted, called up & fully paid</i>	
<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
£	£	£	£

Ordinary Shares of £1 each	1,000	1,000	100	100
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Birmingham Airport Developments Limited

NOTES TO THE ACCOUNTS at 5 April 1997

9. RECONCILIATION OF SHAREHOLDERS' FUNDS

	1997 £	1996 £
At 6 April 1996	373,071	343,007
(Loss)/Profit for the year	(98,347)	30,064
At 5 April 1997	<u>274,724</u>	<u>373,071</u>

10. CASH FLOW STATEMENT

The Company is exempt from the production of a cashflow statement because it falls under the definition of a small company as determined by the Companies Act 1985.

11. COMMITMENTS & CONTINGENCIES

On 26 March 1997 the Company entered into a cross guarantee, along with other group members on behalf of its ultimate parent company, Birmingham Airport Holdings Limited and Maurant & Co Trustees Limited to guarantee a £98 million revolving sterling advance facility convertible into a sterling term loan facility, a £10 million revolving sterling advance facility and an £18.5 million Loan Stock facility.

12. ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary of Birmingham International Airport Limited, which itself is wholly owned by Birmingham Airport Holdings Limited, the ultimate parent company, incorporated in England and Wales. The results of Birmingham Airport Developments Limited are consolidated into the group accounts of Birmingham International Airport Limited for the year ended 31 March 1997. Consolidated accounts for Birmingham Airport Holdings Limited have not been produced, its first accounting reference date being 31 March 1998. Copies of the Birmingham International Airport Limited accounts are available from Birmingham International Airport Limited, Birmingham, B26 3QJ

13. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 8, Related Party Transactions, from disclosing the transactions with related parties between members of the Birmingham Airports Holdings Limited group of companies.

Company Number: 2295119

The Companies Act 1985

COMPANY LIMITED BY SHARES

ELECTIVE RESOLUTIONS


of

BIRMINGHAM AIRPORT DEVELOPMENTS LIMITED

Passed 20 August 1997

At an Annual General Meeting of the Company, duly convened and held on the 20 August 1997, the following resolutions were duly passed as Elective Resolutions:-

1. That, pursuant to the provisions of Section 252 of the Companies Act 1985 the Company elect to dispense with the requirements that the accounts and reports be laid before a general meeting of the Company
2. That, pursuant to the provisions of Section 366A of the Companies Act 1985 the Company elect to dispense with the holding of the Annual General Meeting
3. That, pursuant to the provisions of Section 386 of the Companies Act 1985 the Company elect to dispense with the obligation to appoint the auditors annually


.....
Chairman of the Meeting

