

REPORT AND ACCOUNTS

**Birmingham Airport
Developments Limited**

5 APRIL 1998



Birmingham Airport Developments Limited

Registered No 2295119

DIRECTORS

A Burgess
N Hanlon
J L Hudson
F S Hunt
M S Jaspal
M J Kelly
D Keogh
B Summers
M Wells

ALTERNATE DIRECTORS

K Allport
V Astling
E Foley
D Hepburn
A S Lewis
J Polychronakis

SECRETARY

C J C Westwood

AUDITORS

Ernst & Young
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 1998.

RESULTS

The results for the year are set out on page 6.

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:

A Burgess	(Appointed 8 July 1998)
S H Greenwood	(Resigned 31 October 1997)
N Hanlon	(Appointed 17 June 1997)
J L Hudson	(Appointed 17 June 1997)
F S Hunt	(Appointed 17 June 1997)
M S Jaspal	(Appointed 17 June 1997)
M J Kelly	(Appointed 2 February 1998)
D Keogh	(Appointed 17 June 1997)
A S Lewis	(Appointed 17 June 1997 Resigned 8 July 1998)
B Summers	
M Wells	(Appointed 17 June 1997)
K Allport	(Appointed Alternate Director for District Council 17/6/97)
V Astling	(Appointed Alternate Director for District Council 17/6/97)
A Burgess	(Appointed Alternate Director for ARI/NWV (Nominees) Limited 26/3/97 Resigned 8 July 1998)
E Foley	(Appointed Alternate Director for ARI/NWV (Nominees) Limited 26/3/97)
D Hepburn	(Appointed Alternate Director for ARI/NWV (Nominees) Limited 26/3/97)
A S Lewis	(Appointed Alternate Director for ARI/NWV (Nominees) Limited 8/7/98)
J Polychronakis	(Appointed Alternate Director for District Council 17/6/97)

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

J L Hudson, the Chairman holds 1 special (non-participating) voting share in Birmingham Airport Holdings Limited the parent company.

Birmingham Airport Developments Limited

DIRECTORS REPORT

AUDITORS

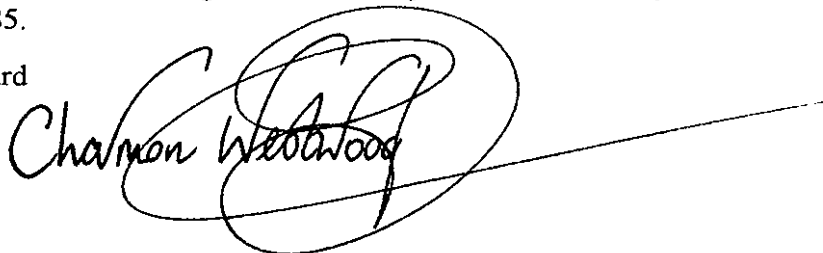
Ernst & Young have confirmed their willingness to continue in office and an elective resolution in accordance with Section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually was passed on 20 August 1997 and accordingly Ernst & Young shall be deemed re-appointed as auditors.

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
8 July 1998

A large, stylized handwritten signature in black ink, which appears to read 'Charmon Webbwood'. The signature is written over a horizontal line and extends upwards and to the left.

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 6 to 10, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 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.

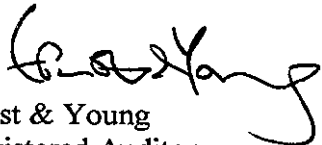
BASIS OF OPINION

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 1998 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
Registered Auditor
Birmingham

8 July 1998

Birmingham Airport Developments Limited

PROFIT & LOSS ACCOUNT for the year ended 5 April 1998

	<i>Note</i>	1998 £	1997 £
TURNOVER		-	-
Cost of sales		-	-
Gross Profit		-	-
Administrative Expenses		1,428	3,544
OPERATING LOSS	2	(1,428)	(3,544)
Bank Interest Receivable		409	1,430
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,019)	(2,114)
Tax on Loss on Ordinary Activities	3	-	(3,767)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(1,019)	1,653
Dividend Paid on Equity Shares		-	100,000
LOSS FOR THE YEAR		(1,019)	(98,347)
RETAINED PROFIT BROUGHT FORWARD		274,624	372,971
RETAINED PROFIT CARRIED FORWARD		273,605	274,624

There are no recognised gains and losses other than the loss for the years ended 5 April 1998 and 5 April 1997.

Birmingham Airport Developments Limited

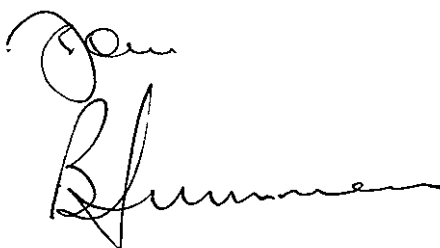
BALANCE SHEET at 5 April 1998

	Note	£	1998 £	1997 £
FIXED ASSETS:				
Investment	4		1	1
CURRENT ASSETS:				
Development Work in Progress	5	251,000		251,000
Debtors	6	20,010		20,240
Cash at bank and in hand		12,411		13,830
		<u>283,421</u>		<u>285,070</u>
CREDITORS:				
amounts falling due within one year	7	9,717		10,347
		<u></u>		<u></u>
NET CURRENT ASSETS			<u>273,704</u>	<u>274,273</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>273,705</u></u>	<u><u>274,724</u></u>
SHARE CAPITAL & RESERVES:				
Called up share capital	8		100	100
Profit and loss account			273,605	274,624
	9		<u><u>273,705</u></u>	<u><u>274,724</u></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.

J L Hudson Chairman
B Summers Director

8 July 1998



Birmingham Airport Developments Limited

NOTES TO THE ACCOUNTS at 5 April 1998

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

This is stated after charging

	1998 £	1997 £
Auditors' remuneration - Audit Services	600	500
- Other Services	725	2,550

Directors emoluments were nil during the year (1997:NIL). The Company employed no staff during the year (1997:NIL).

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
Over Provision in respect of previous year	-	(3,767)

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%	5/4/98	Management Company

Birmingham Airport Developments Limited

NOTES TO THE ACCOUNTS at 5 April 1998

5. DEVELOPMENT WORK IN PROGRESS

	Work in progress £
Cost	
At 5 April 1997 and 1998	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

	1998 £	1997 £
Other debtors	20,010	20,240

Included within Other Debtors is £20,000 falling due after more than one year (1997:£20,000).

7. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Trade creditors	8,317	8,317
Accruals	1,400	2,030
	9,717	10,347

8. SHARE CAPITAL

	Authorised		Allotted, called up & fully paid	
	1998 £	1997 £	1998 £	1997 £
Ordinary Shares of £1 each	1,000	1,000	100	100

Birmingham Airport Developments Limited

NOTES TO THE ACCOUNTS

at 5 April 1998

9. RECONCILIATION OF SHAREHOLDERS' FUNDS

	1998 £	1997 £
At 6 April 1997	274,724	373,071
Loss for the year	(1,019)	(98,347)
At 5 April 1998	<u>273,705</u>	<u>274,724</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, along with other group members of Birmingham Airport Holdings Limited, provided Guarantees to a syndicate of banks led by HSBC Investment Bank plc in support of a £108 million facility made available to Birmingham Airport Holdings Limited, and the trustees for the employee share scheme in Birmingham Airport Holdings Limited, Maurant & Co Trustees Limited. . At the date of signing these accounts, the total amount outstanding under the facility was £30.75 million.

12. ULTIMATE PARENT UNDERTAKING

The ultimate parent company is Birmingham Airport Holdings Limited, a company registered in England & Wales. It has included the company in its group accounts, copies of which are available from its registered office: Birmingham International Airport, 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.