

**THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC**

**ANNUAL REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 1999**

**REGISTERED NUMBER: 3301940**



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**Registered Office:**  
**The National Exhibition Centre**  
**Birmingham B40 1NT**

**Tel. No. 0121 780 4141**

## REPORT OF THE DIRECTORS

### 1. Report And Financial Statements

The Directors present their report and the audited financial statements for the year ended 31 March 1999.

### 2. Principal Activities Of The Company

- 2.1 The Company was incorporated with its principal objective to raise finance, construct, operate and manage property at the National Exhibition Centre, Birmingham.

A Shareholders' Agreement was signed on 14 May 1997 between Birmingham City Council, EMAP Business Communications Limited and Birmingham Chamber of Commerce and Industry, forming a joint venture for the purpose of constructing new exhibition halls (17 to 20) at the National Exhibition Centre.

- 2.2 The Company signed a Management Agreement with The National Exhibition Centre Limited (NEC), for the NEC to manage the new exhibition halls.

The NEC makes payments to the Company on 31 March and 30 September in each year, determined by reference to a share of the income achieved less costs incurred in the operation of the National Exhibition Centre 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 the Birmingham City Council.

### 3. Capital And Finance

- 3.1 The Company has in issue 450 £1 Ordinary 'A' Shares to Birmingham City Council, 125 £1 Ordinary 'B' Shares to Birmingham Chamber of Commerce and Industry and 425 £1 Ordinary 'C' Shares to EMAP Business Communications Limited, all of which are fully paid.
- 3.2 The Company has in issue 50,000 £1 Preference Shares to Birmingham City Council and 50,000 £1 Preference Shares to EMAP Business Communications Limited, all of which are fully paid.
- 3.3 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.
- 3.4 The Company has in issue and outstanding 1.2m £1 Unsecured 'A' Loan Notes, zero coupon to each of Birmingham City Council and EMAP Business Communications Limited. The Company also has in issue and outstanding 1.25m £1 Unsecured 'B' Loan Notes, 15% coupon to each of Birmingham City Council and EMAP Business Communications Limited. The Loan Notes are fully paid and repayable by the Company in ten annual equal instalments commencing on 31 March 2004, for Unsecured 'B' Loan Notes and 31 March 2014 for Unsecured 'A' Loan Notes.
- 3.5 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 6 months notice in writing.

Upon expiry of such notice, Birmingham City Council shall pay the Company a sum equal to the lower of the Loan Stock £73m and the cost of the premises disclosed in the Company's balance sheet as at 31 March 1999.

Furthermore, in accordance with Shareholders' Agreement, if the amount paid to the Company by the Council is less than the principal value of the Loan Stock, the Council may at its election subscribe in cash for deferred Shares in the capital of the Company for an amount (inclusive of premium) equal to the difference.

#### 4. **Results**

The results of the Company for the year are set out in the Profit and Loss Account on page 7.

#### 5. **Review of Business**

Both the level of business and the year end financial position remain satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

#### 6. **Dividends And Transfers To Reserves**

The Directors recommend that no dividend be declared in respect of the year ended 31 March 1999. The deficit for the financial year of £153,569 (1998, deficit £5,000) has been transferred to the unappropriated reserve.

#### 7. **Directors**

The Directors of the Company at 31 March 1999, all of whom were Non-Executive Directors, were:

Roger Stephen Burman (Chairman)  
Ian Johnston Findlay  
David Randal Metcalfe  
Honorary Alderman Albert Leslie Samuel Jackson  
Councillor Theresa Joyce Stewart  
Barry Stanley Cleverdon

No emoluments were paid to the Directors of the Company.

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

##### **Roger S Burman CBE BSc LLD DL**

Roger Burman has been Chairman of The National Exhibition Centre Limited since 1989, having first joined the Board in 1984. He is a past President of the Birmingham Chamber of Commerce and Industry and of the British Chamber of Commerce.

He is Chairman and Managing Director of the Tipton-based electronics company Teledictor Limited. He is also Pro-Chancellor of the University of Birmingham.

He has an interest in the jewellery industry through the Birmingham Assay Office and is a member of the British Hallmarking Council.

He is also High Sheriff of the West Midlands for 1999/2000.

##### **Councillor Mrs Theresa J Stewart**

Councillor Theresa Stewart was Leader of Birmingham City Council between October 1993 and May 1999, has been a Labour Councillor for 29 years, representing the Billesley Ward. She chaired the Policy and Resources Committee and is a member of the Passenger Transport Authority. She has previously served on the DLO Contract Services Committee, which she chaired for 3 years. She has also been on the Housing, Education and General Purposes Committee. She served on the Social Services Committee for 20 years and chaired the Committee for 4 years. She was the national chair of ADLO (Association of Direct Labour Organisations) for the year 1994/95. She serves on the Policy and Strategy Committee of the Local Government Association and is a member of the Local Government Association Resources Panel. She is also Senior Vice Chair of the West Midlands Local Government Association. In addition, she is also a member of The National Exhibition Centre Limited Board and Vice Chair of the 4p's (Public Private Partnership Programme).

Her voluntary work includes being Vice President of the Birmingham Brook Advisory Centre for young people. She is a Governor of Swanshurst School and Lindsworth School. She also chairs the Billesley and Yardley Wood Community Centre Council. She is a member of GMB/APEX Trade Union.

### **Ian J Findlay**

Ian Findlay is a Director of EMAP Business Communications Limited, the business-to-business arm of EMAP Plc, one of Europe's fastest growing media groups.

He has, since joining EMAP in 1992, been responsible for business development across the whole range of magazine, exhibition and information activities. EMAP is the largest organiser of exhibitions in the UK.

Prior to EMAP, he was Business Development Director of Reed Business Publishing Group for five years.

### **Barry Cleverdon C.Eng. MIMechE**

Barry Cleverdon is Chief Executive of The National Exhibition Centre Limited, the company managing and marketing The National Exhibition Centre, International Convention Centre, Symphony Hall and National Indoor Arena, Birmingham.

He became Chief Executive in April 1995 after first joining the company in 1977. The facilities under The National Exhibition Centre Limited's management are the UK's market leaders in exhibitions, conferences, entertainment and sport.

Prior to this appointment, he was General Manager of the International Convention Centre, Symphony Hall and National Indoor Arena in the run-up to their opening in 1991 and their first four years of operation.

He joined NEC in 1977 from the National Agricultural Centre at Stoneleigh, Warwickshire. Over an eleven year period, including five as Director of Events, he was responsible for developing NEC's non-exhibition business.

### **Honorary Alderman Albert L S Jackson JP**

Following service in the RAF between 1940-46, he became Managing Director of his own Building Company between 1952 and 1983. His service with the Labour Party started in 1948 when he became Chairman of the Birmingham Ladywood Division of the Party, prior to becoming the representative for the Rotton Park ward between 1952-67 and 1970-74. He also represented this ward on the West Midlands County Council Police Committee between 1972-76 and was a member of various committees on the Birmingham District Council between 1972-86. In 1968 he was appointed a Justice of the Peace for Birmingham. He served as Birmingham's Lord Mayor 1975-76 and Deputy Lord Mayor 1978-79, becoming an Honorary Alderman of the City of Birmingham in 1986.

He was Chairman of the NEC Committee 1980-86 and, since 1984, was founder member of Aston Science Park and Chairman of Birmingham Technology Limited, the managing company for the Science Park, since 1984.

### **David R Metcalfe**

David Metcalfe is Divisional Managing Director of EMAP Business Communications Limited and has worked for EMAP since 1984, having previously worked for The Economist and Argus Press.

His responsibilities include the management of Trade Promotion Services Limited, which organises the UK's largest annual trade exhibitions.

The markets covered by the exhibition and publishing companies for which he is responsible include retail, plastics and oil. He is past Chairman of the Birmingham-based Giftware Association and is a Director of the Association of Exhibition Organisers.

8. **Directors' Interest In Shares Of The Company**

No Director has any interest in shares of the Company at either the beginning or end of the year ended 31 March 1999.

9. **Directors' Responsibilities For The Financial Statements**

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. In preparing these financial statements, the Directors confirm that they have:

selected suitable accounting policies and then applied them consistently;

made judgements and estimates that are reasonable and prudent;

stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

prepared the financial statements on the going concern basis.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

10. **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.

11. **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.

12. **Year 2000 Compliance**

In March 1997, the Company's managing agent, The National Exhibition Centre Limited, established a project management approach to address the Millennium date change, which incorporated the Company's business critical systems. A Project Team was set up, which consisted of an external consultant to act as Project Manager and representatives drawn from across The National Exhibition Centre Limited. The Project Manager regularly updates the Project Board, who in turn, updates the Board and the Audit Committee.

The National Exhibition Centre Limited has signed up to The Pledge 2000™, which was formulated by leading business organisations and Action 2000, a body established by the Government. The Pledge 2000™ further symbolises the Company's intention of working together with its stakeholders in resolving the issue of the Millennium bug.

The Project Team has now completed the testing of business critical systems and commenced the final phase, which includes consolidating current contingency plans and assessing them for Millennium compliance. This will determine whether further contingency plans are necessary to minimise any adverse impact of the Millennium bug whether generated internally or externally to the Company.

Much of the cost of implementing the action plans will be subsumed into the recurring activities of the departments involved. It is the Company's expectation that the total cost of modifications to equipment, computer hardware and software, is unlikely to be material, and will be expensed as incurred.

**13. Employees**

The Company has no employees.

**14. Payment Policy**

The Company complies with the CBI's Prompt Payers Code of Good Practice which states that responsible companies should:

have a clear, consistent policy that they pay bills in accordance with the contract

ensure that the finance and purchasing departments are both aware of this policy and adhere to it

agree payment terms at the outset of a deal and stick to them

not extend or alter payment terms without prior agreement

provide suppliers with clear guidance on payment procedures

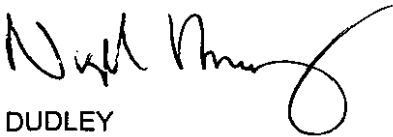
ensure that there is a system for dealing quickly with complaints and disputes and advise suppliers without delay when invoices, or parts of invoices are contested.

The Company's payment terms are the last working day of the month following the month in which the invoice is dated, unless alternative agreements are in place. The Company had insignificant trade creditors at 31 March 1999 and therefore creditor days have not been calculated.

**15. Auditors**

A resolution to reappoint PricewaterhouseCoopers as the Company's auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



N DUDLEY  
Company Secretary

The National Exhibition Centre (Developments) Plc  
Birmingham B40 1NT

6 September 1999

## **REPORT OF THE AUDITORS TO THE MEMBERS OF THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC**

We have audited the financial statements on pages 7 to 16, which have been prepared under the historical cost convention and accounting policies set out on page 10.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report, including as described on page 4 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.


### **Basis of audit 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 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 of the state of the company's affairs at 31 March 1999 and of its profit and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Birmingham

6 September 1999

## PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1999

	Notes	1999 £000	1998 £000
Turnover		4,571	-
Operating Costs	2	(1,368)	(5)
<b>Operating Profit / ( Loss )</b>		<b>3,203</b>	<b>(5)</b>
Interest receivable and similar income		732	2,423
Interest payable and similar charges	3	(6,160)	(6,139)
Interest capitalised	4	2,071	3,716
<b>Loss On Ordinary Activities Before Taxation</b>		<b>(154)</b>	<b>(5)</b>
Taxation on ordinary activities		-	-
<b>Retained Loss For The Period</b>		<b>(154)</b>	<b>(5)</b>

## STATEMENT OF UNAPPROPRIATED RESERVES

	£000	£000
Unappropriated reserve at the beginning of the year	(5)	-
Deficit for the year	(154)	(5)
<b>Unappropriated Reserve At The End Of The Year</b>	<b>(159)</b>	<b>(5)</b>

The above results, relate solely to continuing activities.

There were no recognised gains or losses other than the retained loss for the period.

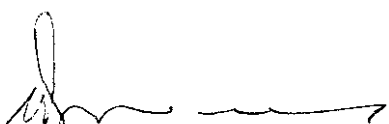
The notes on pages 10 to 16 form part of these financial statements

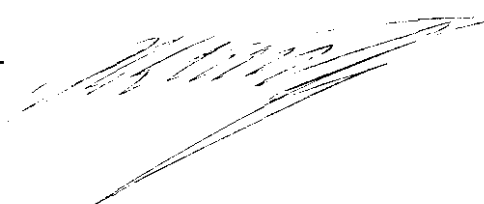
# BALANCE SHEET

at 31 March 1999

	Notes	1999 £000	1998 £000
<b>Fixed Assets</b>			
Tangible assets	4	68,687	52,164
<b>Current Assets</b>			
Debtors	5	15	504
Investments	6	4,347	17,423
Cash at bank and in hand		1,554	3,006
		5,916	20,933
<b>Creditors - amounts falling due within one year</b>			
Creditors	7	(4,201)	(2,805)
<b>Net Current Assets</b>		1,715	18,128
<b>Total Assets less Current Liabilities</b>		70,402	70,292
<b>Creditors - amounts falling after more than one year</b>			
Borrowings	8	(70,460)	(70,196)
<b>Net Assets</b>		(58)	96
<b>Capital and Reserves</b>			
Called up share capital	9	101	101
Profit and loss account		(159)	(5)
<b>Shareholders' Funds</b>	10	(58)	96
<b>Shareholders' Funds</b>			
Equity		(158)	(4)
Non-equity		100	100
		(58)	96

The financial statements on pages 7 to 16 were approved by the Board of Directors on 6th September 1999 and were signed on its behalf by:

Director 

Director 

The notes on pages 10 to 16 form part of these financial statements

## CASH FLOW STATEMENT

for the year ended 31 March 1999

	Notes	1999 £000	1998 £000
<b>Net Cash Inflow / ( Outflow ) From Operating Activities</b>	<b>12</b>	<b>5,386</b>	<b>(504)</b>
<b>Returns On Investments And Servicing Of Finance</b>			
Interest received		732	2,423
Interest paid		(5,896)	(4,658)
Birmingham City Council guarantee fee		-	(7,932)
Issue costs of debenture stock		-	(588)
Discount on issue of debenture stock		-	(227)
<b>Net Cash Outflow From Returns On Investments And Servicing Of Finance</b>		<b>(5,164)</b>	<b>(10,982)</b>
<b>Taxation</b>			
UK corporation tax		-	-
<b>Capital Expenditure And Financial Investment</b>			
Payments in respect of buildings in the course of construction		(14,750)	(42,986)
Payments to acquire land lease		-	(3,100)
<b>Net Cash Outflow For Capital Expenditure And Financial Investment</b>		<b>(14,750)</b>	<b>(46,086)</b>
<b>Net Cash Outflow Before Management Of Liquid Resources And Financing</b>		<b>(14,528)</b>	<b>(57,572)</b>
<b>Management Of Liquid Resources</b>			
Investment in money market		13,076	(17,423)
<b>Net Cash Inflow / ( Outflow ) From Management Of Liquid Resources</b>		<b>13,076</b>	<b>(17,423)</b>
<b>Financing</b>			
Issue of ordinary share capital		-	1
Issue of preference share capital		-	100
Issue of debenture stock		-	73,000
Issue of loan notes		-	4,900
<b>Net Cash Inflow From Financing</b>		<b>-</b>	<b>78,001</b>
<b>( Decrease ) / Increase In Cash</b>	<b>13</b>	<b>(1,452)</b>	<b>3,006</b>

The notes on pages 10 to 16 form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Principal Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

#### Basis of accounting

The financial statements are prepared under the historical cost convention.

#### Turnover

Turnover represents the invoice value, excluding Value Added Tax.

#### 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.

#### Capitalisation of finance costs

Issue costs incurred in raising finance relating to the construction of a fixed asset are 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 is capitalised as part of the cost of the fixed asset.

#### Depreciation

Depreciation is calculated to write off the cost less estimated residual value of fixed assets. The residual value of the land and buildings is estimated to be at least equal the capitalised cost of the new halls resulting in a depreciation charge of nil.

### 2. Operating Costs

	1999 £000	1998 £000
Auditors remuneration - audit fees	5	5
- non audit fees	4	-
NEC Ltd management fee	821	-
Other	538	-
	1,368	5

No emoluments were paid to the Directors of the Company.

The Company has no employees (1998: nil).

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 3 Interest Payable And Similar Charges

	1999 £000	1998 £000
Interest on loans repayable in more than 5 years:		
7.5625% Guaranteed Unsecured Loan Stock 2027	5,521	4,772
15% Unsecured 'B' Loan Notes	375	324
Discount on issue of £73m 7.5625% Guaranteed Unsecured Loan Stock 2027	-	227
Costs on issue of £73m 7.5625% Guaranteed Unsecured Loan Stock 2027	-	588
Amortisation of guarantee fee (see note 8)	264	228
	<b>6,160</b>	<b>6,139</b>

### 4 Tangible Assets

	Land £000	Buildings £000	Plant & Equipment £000	Buildings in the course of construction £000	Total £000
Cost or valuation :					
At 1 April 1998	3,100	-	-	49,064	52,164
Additions at cost	-	-	1,419	15,104	16,523
Transfers during year	-	64,168	-	(64,168)	-
<b>Net book value at 31 March 1999</b>	<b>3,100</b>	<b>64,168</b>	<b>1,419</b>	<b>-</b>	<b>68,687</b>
Net book value at 31 March 1998	3,100	-	-	49,064	52,164

On the 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).

Assets previously described as "Assets in Course of Construction" have now been transferred to "Buildings" following commencement of trading on 1 September 1998. Included in Buildings are costs relating to exhibition halls 17 - 20 at the National Exhibition Centre, Birmingham, of which £5,786,455 net interest has been capitalised, comprising:

	1999 £000	1998 £000
Discount on issue of £73m 7.5625% Guaranteed Unsecured Loan Stock 2027	-	227
Costs on issue of £73m 7.5625% Guaranteed Unsecured Loan Stock 2027	-	588
Amortisation of guarantee fee	110	228
Interest on £73m 7.5625% Guaranteed Unsecured Loan Stock 2027	2,315	4,772
Interest on £2.5m 15% Unsecured 'B' Loan Notes	157	324
Less Interest received from unutilised funds	(511)	(2,423)
	<b>2,071</b>	<b>3,716</b>

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 5 Debtors

	1999 £000	1998 £000
Amounts falling due within one year:		
VAT in respect of buildings in the course of construction	-	504
Other debtors	15	-
	<u>15</u>	<u>504</u>

### 6 Investments

	1999 £000	1998 £000
Money market investments:		
Short term deposits	4,347	17,423
	<u>4,347</u>	<u>17,423</u>

### 7 Creditors - amounts falling due within one year

	1999 £000	1998 £000
Capital creditors	2,069	2,362
Accruals and deferred income	1,110	5
Income tax due on payment of interest	438	438
VAT	584	-
	<u>4,201</u>	<u>2,805</u>

### 8 Creditors - amounts falling after more than one year

	Note	1999 £000	1998 £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)	228	-
Guarantee fee amortised during the period	(a)	264	228
		<u>65,560</u>	<u>65,296</u>
Zero % Unsecured 'A' Loan Notes	(b)	2,400	2,400
15% Unsecured 'B' Loan Notes	(c)	2,500	2,500
		<u>70,460</u>	<u>70,196</u>

## NOTES TO THE FINANCIAL STATEMENTS - 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 has been capitalised (see note 4).

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 Business Communications Limited. The Loan Notes are fully paid and are repayable by the Company in ten annual equal instalments commencing on 31 March 2014.
- 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 Business Communications Limited. The Loan Notes are fully paid and are repayable by the Company in ten annual equal instalments commencing on 31 March 2004.

### 9 Share Capital

#### Authorised

	Note	1999 £	1998 £
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
<b>Total Ordinary Shares</b>		<b>1,000</b>	<b>1,000</b>
100,000 Preference shares of £1 each	(b)	100,000	100,000
100,000 Deferred shares of £1 each	(c)	100,000	100,000
		<b>201,000</b>	<b>201,000</b>

## Allotted, called up and fully paid

	Note	1999 £	1998 £
450 Ordinary 'A' shares of £1 each	(d)	450	450
125 Ordinary 'B' shares of £1 each	(d)	125	125
425 Ordinary 'C' shares of £1 each	(d)	425	425
<b>Total Ordinary Shares</b>		<b>1,000</b>	<b>1,000</b>
100,000 Preference shares of £1 each	(d)	100,000	100,000
		<b>101,000</b>	<b>101,000</b>

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 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.

c) 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.

d) EMAP Business Communications 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.

## 10 Reconciliation Of The Movement In Shareholders' Funds

	1999 £000	1998 £000
Opening shareholders' funds	96	-
Ordinary shares issued	-	1
Preference shares issued	-	100
Retained loss for the period	(154)	(5)
<b>Closing Shareholders' Funds</b>	<b>(58)</b>	<b>96</b>

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 11 Capital Expenditure Commitments

	1999 £000	1998 £000
Expenditure approved and contracted for but not provided	-	11,903

### 12 Reconciliation Of Operating Loss To Net Cash Inflow / ( Outflow ) From Operating Activities

	1999 £000	1998 £000
Operating profit/(loss)	3,203	(5)
Decrease/(increase) in debtors	489	(504)
Increase in creditors	1,694	5
<b>Net Cash Inflow / ( Outflow )</b>	<b>5,386</b>	<b>(504)</b>

### 13 Reconciliation Of Net Cash Inflow To Movement In Net Debt

	1999 £000	1998 £000
( Decrease ) / increase in cash in the period	(1,452)	3,006
Cash outflow from payment of guarantee fee	-	7,932
Amortisation of guarantee fee	(264)	(228)
Cash inflow from issue of new loans	-	(77,900)
Cash outflow from ( decrease ) / increase in liquid resources	(13,076)	17,423
<b>Movement in Net Debt in The Period</b>	<b>(14,792)</b>	<b>(49,767)</b>
Net debt brought forward	(49,767)	-
<b>Net Debt Carried Forward</b>	<b>(64,559)</b>	<b>(49,767)</b>

#### Analysed In Balance Sheet:

Investments	4,347	17,423
Cash at bank and in hand	1,554	3,006
Creditors - amounts falling after more than one year	(70,460)	(70,196)
	<b>(64,559)</b>	<b>(49,767)</b>

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 14 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 in an agency capacity.

EMAP Business Communications Limited is a wholly owned subsidiary of EMAP plc.

EMAP plc and its related companies organise exhibitions at the National Exhibition Centre in the normal course of business.

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 The National Exhibition Centre Limited:

	1999 £000
Sales	4,571
Purchases	1,354
Amounts owed to related party	1,055

The Company did not undertake any business transactions with The National Exhibition Centre Limited in 1998. Therefore there are no comparatives.

### 15 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.