

NEC FINANCE LIMITED (formerly: NEC Finance plc)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

Registered Office:
NEC
Birmingham B40 1NT

Tel. No. 0121 780 4141

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NEC FINANCE LIMITED (formerly: NEC Finance plc)
For the year ended 31 March 2015

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Registered Office:
NEC Finance Limited
Birmingham B40 1NT

Tel. No. 0121 780 414

NEC FINANCE LIMITED (formerly: NEC Finance plc)
For the year ended 31 March 2015

REPORT OF THE DIRECTORS

Annual report and financial statements

The Directors present their annual report and the audited financial statements of the company for the year ended 31 March 2015. The registered number is 2652843.

Business review

Business structure

The company is a wholly owned subsidiary of The National Exhibition Centre Limited ("NEC"). The purpose of the company was to raise finance to fund the construction by NEC of exhibition, conference, sporting and event facilities.

The finance raised was invested in NEC through unsecured loan stock which was guaranteed by Birmingham City Council ("BCC").

Company's financial performance

NEC reimburses the company's operating and management expenses, with the results reflecting investment activity. The results of the company for the year are considered to be satisfactory and are set out in the profit and loss account on page 6.

Post balance sheet event

At the balance sheet date NEC was 99.99% owned by BCC. In March 2014 BCC announced its intention to seek a buyer for the NEC, because in its view, private sector ownership of NEC would give it the best opportunity to fulfil its strategic potential.

On 16 January 2015 BCC announced it had entered into a binding agreement to sell NEC to Nevada Bidco Limited.

The sale of NEC completed on 1 May 2015 when it was acquired by Nevada Bidco Limited, a wholly owned subsidiary of Nevada Midco Limited, which in turn is a wholly owned subsidiary of Nevada Topco Limited. From 1 May 2015 the ultimate parent undertaking and controlling party is Nevada Topco Limited.

To enable Nevada Bidco Limited to acquire the equity of NEC and its subsidiaries free of debt, the following material pre-sale completion events and transactions occurred after the balance sheet date :

1. On 21 April 2015 the company was re-registered as a private company limited by shares and changed its name to NEC Finance Limited;
2. On 1 May 2015 the existing directors resigned and were replaced by Paul Thandi and John Hornby, Directors of NEC, Nevada Bidco Limited and Nevada Topco Limited; and
3. On 1 May 2015 the £192.4m of existing debenture stock in NEC Finance Limited (formerly: NEC Finance plc) held by BCC was transferred to NEC. NEC Finance Limited, which held the £192.4m unsecured loan stock of NEC and NEC, which then held the debenture stock in NEC Finance Limited, exchanged and cancelled their respective stocks.

Development review and future

The principal activity of the company was that of borrowing and holding investments.

Financial risk management

Liquidity

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

NEC FINANCE LIMITED (formerly: NEC Finance plc)
For the year ended 31 March 2015

REPORT OF THE DIRECTORS - (continued)

Financial risk management - (continued)

Interest rate risk

The company financed its operations through debenture stock. All of the company's borrowings were in Sterling and therefore this eliminated any foreign currency risk. The company's policy was to match its fixed asset investments with its borrowings at fixed rates of interest.

Fixed asset investments

Fixed asset investments represent the unsecured loan stock of NEC.

Dividends and transfers to reserves

The Directors recommend that no dividend is declared in respect of the financial year (2014:£Nil).

Directors

The Directors of the company who served during the year and up to the date that NEC was sold by BCC, all of whom were Non-Executive Directors, were

Mr M D Angle (Chairman)	(resigned 1 May 2015)
Councillor Sir Albert Bore	(resigned 1 May 2015)
Councillor I Ward	(resigned 1 May 2015)

The Directors who were appointed post sale of NEC were:

John Hornby	(appointed 1 May 2015)
Paul Thandi	(appointed 1 May 2015)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' 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 that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

NEC FINANCE LIMITED (formerly: NEC Finance plc)
For the year ended 31 March 2015

REPORT OF THE DIRECTORS (continued)

Statement of disclosure of information to auditors

In accordance with Section 418 Companies Act 2006, the Directors' Report shall include a statement, in the case of each director in office at the date the Directors' Report is approved, that:

(a) so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 specialist debentures 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

There are no employees of NEC Finance Limited (2014: nil).

Independent auditors

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



BY ORDER OF THE BOARD
K Marriott
Company Secretary
Address of Registered Office:
NEC Finance Limited
Birmingham B40 1NT
21 September 2015

Independent auditors' report to the members of NEC Finance Limited (formerly: NEC Finance plc)

Report on the financial statements

Our opinion

In our opinion, NEC Finance Limited financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

NEC Finance Limited financial statements comprise:

- the balance sheet as at 31 March 2015;
- the profit and loss account for the year then ended;
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ("ISAs(UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

NEC FINANCE LIMITED (formerly: NEC Finance plc)
For the year ended 31 March 2015

Independent auditors' report to the members of NEC Finance Limited (formerly: NEC Finance plc – (continued))

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Mark Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
21 September 2015

NEC FINANCE LIMITED (formerly: NEC Finance plc)

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2015

	Note	2015	2014
		£000	£000
Administrative expenses		(12)	(16)
Other operating income		12	16
Operating result		-	-
Interest receivable and similar income	3	23,443	23,443
Interest payable and similar charges	4	(23,443)	(23,443)
Result on Ordinary Activities Before and After Taxation	2	-	-
Result for the Financial Year		-	-

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

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

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

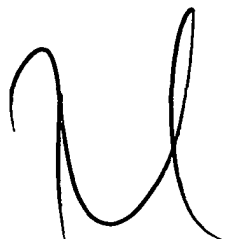
	£000
At 1 April 2014	25
Ordinary shares fully paid up	25
Result for the financial year	-
At 31 March 2015	50

The results for the company are all in respect of continuing operations.

NEC FINANCE LIMITED (formerly: NEC Finance plc)**BALANCE SHEET**
as at 31 March 2015

	Note	2015 £000	2014 £000
Fixed Assets			
Investments	6	192,388	192,388
Current Assets			
Debtors	7	12	16
Cash at bank and in hand		46	18
		58	34
Creditors amounts falling due within one year	8	(8)	(9)
Net Current Assets		50	25
Total Assets less Current Liabilities		192,438	192,413
Creditors amounts falling due after more than one year	9	(192,388)	(192,388)
Total Net Assets		50	25
Capital and Reserves			
Called up share capital	11	50	25
Profit and loss account		-	-
Total Shareholders' Funds	12	50	25

The financial statements on pages 6 to 12 were approved by the board of Directors on 9 September 2015 and were signed on its behalf by:



Paul Thandi – Director

21 September 2015

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 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 on a going concern basis.

Cash flows

The company is a wholly owned subsidiary of National Exhibition Centre Limited ("NEC"), whose financial statements are publicly available, and the cash flows of the company are included in the consolidated group cash flow statement of NEC. Consequently, the company is exempt under the terms of Financial Reporting Standard Number 1 (Revised 1996 "Cash flow statement") from publishing a cash flow statement.

Related party transactions

The company is a wholly owned subsidiary of National Exhibition Centre Limited ("NEC"). The company is therefore exempt from disclosing transactions and balances with group entities that have been eliminated on consolidation under the terms of Financial Reporting Standard Number 8.

Fixed Asset investments

The carrying value of investments is reviewed annually and are carried at cost less provision for impairment. No provision for impairment has been provided at the year end.

Financial instruments

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

It is the company's 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 those policies are summarised below. The policies have remained unchanged since 1 April 2001.

Interest rate risk

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

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 FINANCE LIMITED (formerly: NEC Finance plc)
For the year ended 31 March 2015

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. There is no tax payable.

2. Result on ordinary activities before and after taxation

	2015	2014
	£000	£000
Result on ordinary activities before and after taxation for the financial year is after charging:		
Auditors' remuneration	5	5

3. Interest receivable and similar income

	2015	2014
	£000	£000
Income from loans to parent company	23,443	23,443

4. Interest payable and similar charges

	2015	2014
	£000	£000
Interest on loans	23,443	23,443

5. Directors' and employees' emoluments

No emoluments were paid to any Directors of the company (2014: £nil) for services to this company. Only the Chairman is remunerated from other group companies. There are no employees of the company (2014: nil).

6. Investments

	£000
Cost at 1 April 2014	192,388
Cost at 31 March 2015	192,388

The investments represent the Unsecured Loan Stock of the NEC as follows:

- £92,314m 10.625% Unsecured Loan Stock 2016 (2014: £92,314m 10.625% Unsecured Loan Stock 2016)
- £100,074m 13.625% Unsecured Loan Stock 2016 (2014: £100,074m 13.625% Unsecured Loan Stock 2016)
- BCC guaranteed the payment of the full amount of the principal and interest accruing on the loan stocks as they fell due (see note 9).

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Further to the post balance sheet event note on page 12, on the 1 May 2015 the Unsecured Loan Stock was cancelled.

NEC FINANCE LIMITED (formerly: NEC Finance plc)
For the year ended 31 March 2015

NOTES TO THE FINANCIAL STATEMENTS – (continued)

7. Debtors

	2015	2014
	£000	£000
Amounts falling due within one year:		
Amounts owed by group undertakings	12	16

8. Creditors – amounts falling due within one year

	2015	2014
	£000	£000
Accruals and deferred income	8	9

9. Creditors – amounts falling due after more than one year

	2015	2014
	£000	£000
10.625% Debenture Stock 2016	92,314	92,314
13.625% Debenture Stock 2016	100,074	100,074
	192,388	192,388

The original Debenture Stock comprising of £100m 10.625% and £115m 13.625% Debenture Stock 2016 was created by resolutions of the Board of Directors and is constituted and secured by a Trust Deed. The Debenture Stock was listed on the London Stock Exchange and was secured by Unsecured Loan Stocks of NEC which were guaranteed by BCC up to the 1 May 2015. £90m of the 13.625% Debenture Stock was issued at a premium price of £119.275 per £100 Debenture Stock.

Further to the post balance sheet event note on page 12, on the 1 May 2015 the Debenture Stock was cancelled.

NEC FINANCE LIMITED (formerly: NEC Finance plc)
For the year ended 31 March 2015

NOTES TO THE FINANCIAL STATEMENTS – (continued)

10. Financial instruments

Interest rate risk profile of financial assets and liabilities

Financial assets

The interest rate profile of the company's financial assets at 31 March 2015 was:

	Fixed Interest £000	Floating Interest £000	Total £000
Borrowings (Sterling)			
2015	192,388	-	192,388
2014	192,388	-	192,388

	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)			
2015	12.18	1	-
2014	12.18	2	-

Fair values of financial assets and liabilities

As the NEC Loan Stock is held by BCC which owns 99.99% of NEC, coupled with the relatively short term to the maturity of the debt, fair value has been calculated at book cost.

	2015		2014	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Cash and short term deposits	46	46	18	18
Long term investments	192,388	192,388	192,388	192,388
Long term borrowings	(192,388)	(192,388)	(192,388)	(192,388)
	46	46	18	18

Maturity profile of financial liabilities

	2015 £000	2014 £000
In more than 1 year but not more than 2 years	192,388	-
Between 2 and 5 years	-	192,388
	192,388	192,388

11. Called up share capital

	2015 £000	2014 £000
50,000 (2014: 50,000) Ordinary Shares of £1 each authorised and allotted, fully paid up (2014: 50p paid up)	50	25

The £25,000 balance of share capital was fully paid during the year as a condition of the sale of NEC.

NEC FINANCE LIMITED (formerly: NEC Finance plc)
For the year ended 31 March 2015

NOTES TO THE FINANCIAL STATEMENTS – (continued)

12. Reconciliation of movements in shareholders' funds

	2015 £000	2014 £000
Opening shareholders' funds	25	25
Ordinary shares fully paid up	25	-
Result for the financial year	-	-
Closing shareholders' funds	50	25

13. Ultimate parent

At the balance sheet date the immediate parent undertaking was NEC and the ultimate parent undertaking and controlling party was BCC, a local authority in England and Wales.

BCC is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2015. The consolidated financial statements of BCC are available from www.birmingham.gov.uk. NEC is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of NEC can be obtained from Legal Services, National Exhibition Centre, Birmingham B40 1NT.

The sale of NEC completed on 1 May 2015 and the ultimate parent undertaking and controlling party became Nevada Topco Limited. The first set of consolidated financial statements for the new group will be for the year ended 31 March 2016.

14. Post Balance Sheet Events

Subsequent to the end of year BCC sold its entire equity interest in NEC to Nevada Bidco Limited.

To enable Nevada Bidco Limited to acquire the equity of NEC and its subsidiaries free of debt, the following material pre-sale completion events and transactions occurred after the balance sheet date :

1. On 21 April 2015 the company was re-registered as a private company limited by shares and changed its name to NEC Finance Limited;
2. On 1 May 2015 the existing directors resigned and were replaced by Paul Thandi and John Hornby, Directors of NEC, Nevada Bidco Limited and Nevada Topco Limited; and
3. On 1 May 2015 the £192.4m of existing debenture stock in NEC Finance Limited (formerly: NEC Finance plc) held by BCC was transferred to NEC. NEC Finance Limited, which held the £192.4m unsecured loan stock of NEC and NEC, which then held the debenture stock in NEC Finance Limited, exchanged and cancelled their respective stocks.