

REPORT AND ACCOUNTS

First Castle Developments Limited

31 MARCH 1996



First Castle Developments Limited

Registered No 2783202

DIRECTORS

B Summers

S H Greenwood

R J Hilliard (Alternate)

A J Street (Alternate)

SECRETARY

C J C Westwood

AUDITORS

Ernst & Young

Chartered Accountants

One Colmore Row

Birmingham

B3 2DB

BANKERS

National Westminster Bank Plc

Colmore Row

Birmingham

B3 3AL

SOLICITORS

Evershed, Wells & Hind

10 Newhall Street

Birmingham

B3 3LX

REGISTERED OFFICE

Birmingham International Airport

Birmingham

B26 3QJ

First Castle Developments Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year to 31 March 1996.

RESULTS

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

PRINCIPAL ACTIVITY

The Company is a Property Investment and Development Company.

FIXED ASSETS

During the period the Company acquired fixed assets of Land & Buildings as set out in note 4 on page 9.

First Castle Developments Limited

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors during the period were as follows:

B Summers	
S H Greenwood	
R J Hilliard	(Alternate to B Summers)
A J Street	(Alternate to S H Greenwood)

No director had any interest in the share capital of the Company at 31 March 1996.

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


Channon Westwood

C J C Westwood

Secretary

20 May 1996

First Castle 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.

First Castle Developments Limited

REPORT OF THE AUDITORS

To the members of First Castle 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 pages 2 to 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.

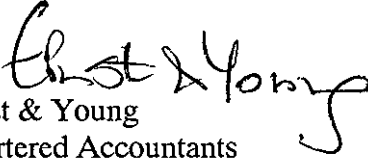
BASIS OF OPINION

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 31 March 1996 and of its loss for the year 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

20 May 1996

First Castle Developments Limited

PROFIT & LOSS ACCOUNT for the year ended 31 March 1996

	<i>Note</i>	<i>1996</i> <i>£</i>	<i>1995</i> <i>£</i>
Turnover	2	34,079	17,162
Cost of sales		27,571	6,034
Gross Profit		6,508	11,128
Administration Expenses		11,125	2,370
Operating (Loss)/Profit	3	(4,617)	8,758
Interest Payable		85,704	31,662
Loss on ordinary activities before taxation		(90,321)	(22,904)
Retained loss brought forward		(85,989)	(63,085)
Retained loss carried forward		(176,310)	(85,989)

There are no recognised gains and losses other than the loss for the year ended 31 March 1996 and the loss of the year ended 31 March 1995.

First Castle Developments Limited

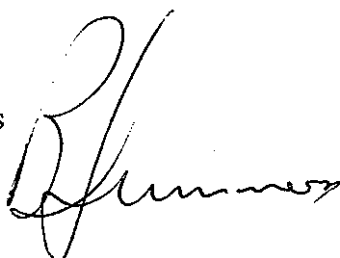
BALANCE SHEET at 31 March 1996

	Note	1996		1995	
		£	£	£	£
FIXED ASSETS					
Land & Buildings	4		2,768,690		2,566,347
CURRENT ASSETS:					
Debtors		425		200	
Cash at bank and in hand		2,803		19,582	
		<u>3,228</u>		<u>19,782</u>	
CREDITORS:					
amounts falling due within one year	5	2,947,228		2,671,118	
NET CURRENT LIABILITIES			(2,944,000)		(2,651,336)
NET LIABILITIES			<u>(175,310)</u>		<u>(84,989)</u>
SHARE CAPITAL AND RESERVES:					
Share Capital	6		1,000		1,000
Profit and Loss Account			(176,310)		(85,989)
			<u>(175,310)</u>		<u>(84,989)</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)
S H Greenwood) Directors

20 May 1996




First Castle Developments Limited

NOTES TO THE ACCOUNTS **at 31 March 1996**

1. ACCOUNTING POLICIES

Accounting Convention

The accounts have been prepared on a going concern basis because the Parent Undertaking represents a significant part of the liabilities of the Company and have agreed to waive the right to repayment until all other liabilities have been settled.

The accounts are prepared under the historical cost convention, as modified to include the revaluation of Freehold Land and Buildings.

Fixed Assets

Freehold Land and Buildings are held as investment properties and are accounted for in accordance with SSAP 19. Consequently their carrying value is reviewed internally on an annual basis, with an external valuation every five years performed by an appropriately qualified valuer.

Depreciation

Depreciation has not been provided on Land or Buildings in accordance with SSAP 19.

First Castle Developments Limited

NOTES TO THE ACCOUNTS at 31 March 1996

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to one continuing activity and is derived entirely in the United Kingdom.

	<i>1996</i>	<i>1995</i>
	<i>£</i>	<i>£</i>
Rent	32,829	15,774
Others	1,250	1,388
	<u>34,079</u>	<u>17,162</u>

3. OPERATING (LOSS)/PROFIT

This is stated after charging:

	<i>1996</i>	<i>1995</i>
	<i>£</i>	<i>£</i>
Auditors Remuneration – Audit Services	881	587
– Other Services	2,121	–
	<u> </u>	<u> </u>

Directors emoluments were nil during the year (1995:NIL). The Company employed no staff during the year (1995:NIL).

4. FIXED ASSETS

	Land & Buildings Freehold £
Cost	
At 1 April 1995	2,566,347
Additions	202,343
At 31 March 1996	<u>2,768,690</u>

Freehold Land and Buildings have not been depreciated and are valued at cost.

First Castle Developments Limited

NOTES TO THE ACCOUNTS at 31 March 1996

5. CREDITORS: amounts falling due within one year

	1996 £	1995 £
Trade Creditors	2,109	–
Amounts owing to Parent Undertaking	2,942,068	2,362,537
Capital Creditor	–	306,900
Deferred Income	3,051	1,681
	<u>2,947,228</u>	<u>2,671,118</u>

The Inter-Company loans are unsecured, interest bearing and do not have any set repayment terms.

6. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up & fully paid</i>	
	1996	1995	1996	1995
	£	£	£	£
Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

7. RECONCILIATION OF SHAREHOLDERS' FUNDS

	1996 £	1995 £
At 1 April 1995	(84,989)	(62,085)
Loss for the year	(90,321)	(22,904)
At 31 March 1996	<u>(175,310)</u>	<u>(84,989)</u>
	=====	=====

8. ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary of Birmingham International Airport Limited (formerly Birmingham International Airport plc), incorporated in England and Wales and in whose accounts the results for the year are incorporated. Copies of the Birmingham International Airport Limited accounts are available from Birmingham International Airport Limited, Birmingham, B26 3QJ