


# First Castle Developments Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 March 2016

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Registration number 02783202

## **First Castle Developments Limited**

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## **First Castle Developments Limited**

### **Company Information**

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**Chairman** J L Hudson

**Directors** J L Hudson  
P Kehoe  
S L C Richards

**Company secretary** S L C Richards

**Registered office** Diamond House  
Birmingham Airport  
Birmingham  
West Midlands  
B26 3QJ

**Solicitors** Eversheds LLP  
115 Colmore Row  
Birmingham  
West Midlands  
B3 3AL

**Bankers** National Westminster Bank plc  
2 St Philips Place  
Birmingham  
West Midlands  
B3 2RB

# **First Castle Developments Limited**

## **Directors Report for the Year Ended 31 March 2016**

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The Directors present their report and the financial statements for the year ended 31 March 2016

### **Principal activity**

The principal activity of the company is property investment and development

### **Small companies provision statement**

This report has been prepared in accordance with the small companies regime under the Companies Act 2006

### **Strategic report**

In August 2013 the Department for Business, Innovation and Skills ('BIS') published new narrative reporting regulations requiring companies to produce a 'strategic' report. The company have taken advantage of the small company exemption within these regulations.

### **Directors of the Company**

The directors who held office during the year were as follows

J L Hudson - Chairman

P Kehoe

S L C Richards - Company secretary and director

The directors do not have any beneficial interests in the shares of the company. Directors who are also directors of the parent or ultimate parent undertaking have any interest in the shares of that company disclosed in those accounts.

### **Statement of directors' responsibilities**

The Directors are responsible for preparing the Annual 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 elected to prepare 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 apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards has 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.

Approved by the Board on 6 July 2016 and signed on its behalf by



S L C Richards

Company secretary and director

**First Castle Developments Limited****Income Statement for the Year Ended 31 March 2016**

	Note	2016 £	2015 £
Turnover	2	299,943	293,218
Cost of sales		<u>(49,265)</u>	<u>(22,673)</u>
Gross profit		250,678	270,545
Administrative expenses		<u>(2,299)</u>	<u>(4,060)</u>
Operating profit		<u>248,379</u>	<u>266,485</u>
Interest receivable and similar income		18	2
Interest payable and similar charges	4	<u>(234,096)</u>	<u>(252,522)</u>
		<u>(234,078)</u>	<u>(252,520)</u>
Profit on ordinary activities before tax		14,301	13,965
Taxation on ordinary activities	6	<u>(5,091)</u>	<u>7,796</u>
Profit for the financial year		<u>9,210</u>	<u>21,761</u>
All results derive from continuing operations			

The notes on pages 7 to 14 form an integral part of these financial statements

**First Castle Developments Limited****Statement of Comprehensive Income for the Year Ended 31 March 2016**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Profit for the year	<u>9,210</u>	<u>21,761</u>
Total comprehensive income for the year	<u><u>9,210</u></u>	<u><u>21,761</u></u>

**First Castle Developments Limited****(Registration number: 02783202)****Statement of Financial Position as at 31 March 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Investment property	7	5,559,000	5,559,000
<b>Current assets</b>			
Development work in progress	8	640,000	640,000
Debtors	9	1,881	11,715
Cash at bank and in hand		34,995	5,106
		<u>676,876</u>	<u>656,821</u>
Creditors Amounts falling due within one year	10	<u>(3,637,168)</u>	<u>(3,629,670)</u>
Net current liabilities		<u>(2,960,292)</u>	<u>(2,972,849)</u>
Total assets less current liabilities		2,598,708	2,586,151
Provisions for liabilities	12	<u>(256,435)</u>	<u>(284,336)</u>
Net assets		<u>2,342,273</u>	<u>2,301,815</u>
<b>Capital and reserves</b>			
Called up share capital	11	1,151,000	1,151,000
Revaluation reserve		1,281,180	1,249,932
Retained earnings		<u>(89,907)</u>	<u>(99,117)</u>
Total equity		<u>2,342,273</u>	<u>2,301,815</u>

For the financial year ending 31 March 2016 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

**Directors' responsibilities**

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476, and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

Approved and authorised by the Board on 6 July 2016 and signed on its behalf by

J.L. Hudson  
Chairman

P Kehoe  
Director

The notes on pages 7 to 14 form an integral part of these financial statements

**First Castle Developments Limited****Statement of Changes in Equity for the Year Ended 31 March 2016**

	<b>Share capital £</b>	<b>Revaluation reserve £</b>	<b>Retained earnings £</b>	<b>Total £</b>
At 1 April 2014	1,151,000	1,249,932	(120,878)	2,280,054
Profit for the year	-	-	21,761	21,761
At 31 March 2015	<u>1,151,000</u>	<u>1,249,932</u>	<u>(99,117)</u>	<u>2,301,815</u>
At 1 April 2015	1,151,000	1,249,932	(99,117)	2,301,815
Profit for the year	-	-	9,210	9,210
Revaluation reserve deferred tax movement	-	31,248	-	31,248
At 31 March 2016	<u>1,151,000</u>	<u>1,281,180</u>	<u>(89,907)</u>	<u>2,342,273</u>



# **First Castle Developments Limited**

## **Notes to the Financial Statements for the Year Ended 31 March 2016**

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### **1 Accounting policies**

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 16.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

#### **Summary of disclosure exemptions**

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the following exemptions -

- the requirement to prepare a statement of cash flows,
- the non-disclosure of key management personnel compensation in total, and
- the requirement to complete a reconciliation of the number of shares outstanding at the beginning and end of the period.

The company notified and did not receive any objections to the use of the above exemptions by its shareholders.

#### **Going concern**

The financial statements have been prepared on the going concern basis concept as the Directors believe that continuing finance will be available from the parent undertaking for the company to meet its liabilities as they fall due and to continue without immediate realisation of assets.

#### **Turnover**

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and other group companies for the company's sole continuing activity, the development, management and renting of property. Property rentals are recognised on a straight line basis over the life of the lease. The turnover is derived entirely in the United Kingdom.

#### **Investment property**

Investment property including freehold land and buildings are held at fair value, where the fair value can be measured reliably without undue cost or effort. Fair value is measured at each reporting date with changes in fair value recognised in the income statement.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

## First Castle Developments Limited

### Notes to the Financial Statements for the Year Ended 31 March 2016 (*continued*)

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#### 1 Accounting policies (*continued*)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### Provisions

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

#### 2 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2016 £	2015 £
Property income	<u>299,943</u>	<u>293,218</u>

#### 3 Operating profit

Arrived at after charging/(crediting)

	2016 £	2015 £
Audit of the financial statements	<u>2,257</u>	<u>4,019</u>

#### 4 Interest payable and similar charges

	2016 £	2015 £
Interest on bank overdrafts and borrowings	<u>234,096</u>	<u>252,522</u>

#### 5 Directors' emoluments and staff costs

The directors did not receive emoluments in respect of their services to the company (2015: £nil). The company employed no staff during the year (2015: none).

# First Castle Developments Limited

## Notes to the Financial Statements for the Year Ended 31 March 2016 (continued)

### 6 Income tax

Tax charged/(credited) in the income statement

	2016 £	2015 £
<b>Current taxation</b>		
UK corporation tax	2,455	2,843
UK corporation tax adjustment to prior periods	(711)	(14,033)
	<u>1,744</u>	<u>(11,190)</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	405	90
Deferred tax adjustment relating to previous years	186	3,304
Arising from changes in tax rates and laws	2,756	-
Total deferred taxation	<u>3,347</u>	<u>3,394</u>
Tax expense/(receipt) in the income statement	<u>5,091</u>	<u>(7,796)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 21%)

The differences are reconciled below

	2016 £	2015 £
Profit before tax	<u>14,301</u>	<u>13,965</u>
Corporation tax at standard rate	2,860	2,933
Deferred tax expense (credit) relating to changes in tax rates or laws	2,756	-
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	(525)	(10,729)
Total tax charge/(credit)	<u>5,091</u>	<u>(7,796)</u>

In his recent budgets the Chancellor of the Exchequer proposed a decrease in the rate of UK corporation tax from 20% to 19% from 1 April 2017 and 18% from 1 April 2020. These have been substantively enacted at the balance sheet date and are reflected in the company's financial statements. A further reduction to 17% has not yet been enacted.

## First Castle Developments Limited

### Notes to the Financial Statements for the Year Ended 31 March 2016 (*continued*)

#### 7 Investment properties

	2016 £
At 1 April	5,559,000

The Investment Properties class of fixed assets was revalued on 31 March 2014 by Ruxton Chartered Surveyors and Fisher German LLP who are external to the company. The basis of this valuation was the properties open market value in accordance with the Appraisal and Valuation manual of the Royal Institute of Chartered Surveyors. This class of assets has a current value of £5,559,000 (2014 £5,829,000) and a carrying amount at historical cost of £4,043,048 (2014 £4,313,048). The depreciation on this historical cost is £nil (2014 £nil).

#### 8 Development work in progress

	2016 £	2015 £
Work in progress	640,000	640,000

The replacement cost of development work in progress was £640,000 (2014 £640,000) which is based upon the open market valuation carried out by GBR Phoenix Beard Limited as at 31 March 2014.

#### 9 Debtors

	2016 £	2015 £
Trade debtors	1,631	1,421
Other receivables	250	10,294
Total current trade and other receivables	1,881	11,715

#### 10 Creditors

	2016 £	2015 £
<b>Due within one year</b>		
Amounts due to group undertakings	3,485,394	3,475,591
Accrued expenses	146,280	138,763
Corporation tax	1,146	-
Deferred income	4,348	15,316
	3,637,168	3,629,670

The amounts due to group undertakings are unsecured and there are no formal arrangements for the repayment of these amounts and consequently these amounts are strictly payable on demand. The interest receivable is based on a rate composed of the current interest rate payable on the group's bond plus 0.5 per cent.

# First Castle Developments Limited

## Notes to the Financial Statements for the Year Ended 31 March 2016 (continued)

### 11 Share capital

#### Allotted, called up and fully paid shares

	No.	2016 £	No.	2015 £
Ordinary shares of £1 each	<u>1,151,000</u>	<u>1,151,000</u>	<u>1,151,000</u>	<u>1,151,000</u>

### 12 Provisions

	Deferred tax £
At 1 April 2015	284,336
Increase (decrease) in existing provisions	<u>(27,901)</u>
At 31 March 2016	<u>256,435</u>

#### Deferred tax

##### Deferred tax assets and liabilities

2016	Asset £	Liability £
Advance capital allowances	2,184	-
Other timing differences	22,616	-
Revaluation of investment property	-	(281,235)
	<u>24,800</u>	<u>(281,235)</u>
2015	Asset £	Liability £
Advance capital allowances	2,832	-
Other timing differences	25,315	-
Revaluation of investment property	-	(312,483)
	<u>28,147</u>	<u>(312,483)</u>

### 13 Contingent liabilities

On 3 December 2013, the company along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £75 million private placement senior notes issued by Birmingham Airport (Finance) PLC. Series A senior notes of £30 million are for a period of ten years maturing 3 December 2023 and carries a fixed interest rate of 4.472 per cent per annum. Series B senior notes of £45 million are for a period of fifteen years maturing 3 December 2028 and carries a fixed interest rate of 4.557 per cent per annum.

## **First Castle Developments Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2016 (*continued*)**

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#### **13 Contingent liabilities (*continued*)**

On 30 March 2016, the company, along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £76 million private placement senior notes issued by Birmingham Airport (Finance) PLC. The senior notes are for a period of twenty five years maturing 30 March 2041 and carries a fixed interest rate of 3.8 per cent per annum.

On 30 March 2016, the company along with other group members of Birmingham Airport Holdings Limited, provided guarantees to Royal Bank of Scotland PLC and Lloyds Bank PLC in support of a £20 million banking facility made available to Birmingham Airport Holdings Limited. The facility is for a period of five years with an expiry date of 3 March 2021, with an option to extend by 2 further 12 month periods. At the date of signing these financial statements, the total amount outstanding under the facility was £nil.

#### **14 Related party transactions**

The company has taken advantage of the exemption under paragraph 33.1A of FRS 102, on the grounds that it is a wholly owned subsidiary of a group headed by Birmingham Airport Holdings Limited, whose financial statements are publicly available.

#### **15 Parent and ultimate parent undertaking**

The company's immediate parent is Birmingham Airport Limited, incorporated in England.

The ultimate parent is Birmingham Airport Holdings Limited, incorporated in England.

The smallest and largest parent entity producing publicly available financial statements is Birmingham Airport Holdings Limited. These Financial Statements are available upon request from:  
Diamond House  
Birmingham Airport  
Birmingham  
West Midlands  
B26 3QJ

# First Castle Developments Limited

## Notes to the Financial Statements for the Year Ended 31 March 2016 (continued)

### 16 Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 March 2014. The date of transition to FRS 102 was 1 April 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 March 2014 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102.

#### Revaluation reserve

In line with FRS102 the revaluation reserve has been reduced to provide for deferred tax on the revaluation.

#### Statement of Financial Position at 1 April 2014

	As originally reported £	Reclassification £	Remeasurement £	As restated £
<b>Fixed assets</b>				
Investment property	5,829,000	-	-	5,829,000
<b>Current assets</b>				
Development work in progress	640,000	-	-	640,000
Debtors	19,969	-	-	19,969
Cash at bank and in hand	27,104	-	-	27,104
	687,073	-	-	687,073
Creditors: Amounts falling due within one year	(3,955,077)	-	-	(3,955,077)
Net current liabilities	(3,268,004)	-	-	(3,268,004)
Total assets less current liabilities	2,560,996	-	-	2,560,996
Provisions for liabilities	31,541	-	(312,483)	(280,942)
Net assets/(liabilities)	2,592,537	-	(312,483)	2,280,054
<b>Capital and reserves</b>				
Called up share capital	1,151,000	-	-	1,151,000
Revaluation reserve	1,562,415	-	(312,483)	1,249,932
Retained earnings	(120,878)	-	-	(120,878)
Total equity	2,592,537	-	(312,483)	2,280,054

# First Castle Developments Limited

## Notes to the Financial Statements for the Year Ended 31 March 2016 (continued)

### 16 Transition to FRS 102 (continued)

#### Statement of Financial Position at 31 March 2015

	As originally reported £	Reclassification £	Remeasurement £	As restated £
<b>Fixed assets</b>				
Investment property	5,559,000	-	-	5,559,000
<b>Current assets</b>				
Development work in progress	640,000	-	-	640,000
Debtors	11,715	-	-	11,715
Cash at bank and in hand	5,106	-	-	5,106
	656,821	-	-	656,821
Creditors Amounts falling due within one year	(3,629,670)	-	-	(3,629,670)
Net current liabilities	(2,972,849)	-	-	(2,972,849)
Total assets less current liabilities	2,586,151	-	-	2,586,151
Provisions for liabilities	28,147	-	(312,483)	(284,336)
Net assets/(liabilities)	2,614,298	-	(312,483)	2,301,815
<b>Capital and reserves</b>				
Called up share capital	1,151,000	-	-	1,151,000
Revaluation reserve	1,562,415	-	(312,483)	1,249,932
Retained earnings	(99,117)	-	-	(99,117)
Total equity	2,614,298	-	(312,483)	2,301,815