

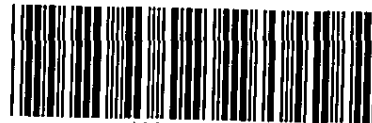
# First Castle Developments Limited

Directors' Report and Unaudited Financial Statements

for the Year Ended 31 March 2014

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## **First Castle Developments Limited**

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## **First Castle Developments Limited**

### **Company Information**

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**Registration number** 2783202

**Chairman** J L Hudson

**Directors** H Bills  
Sir A Bore  
P Kehoe  
M J Kelly  
G E Richards

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

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

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

## **First Castle Developments Limited**

### **Directors' Report for the Year Ended 31 March 2014**

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The directors present their report and the unaudited financial statements for the year ended 31 March 2014

#### **Principal activity**

The principal activity of the company is property investment and development

#### **Results**

The loss for the year after taxation amounted to (£18,378) (2013 £9,802 profit)

#### **Small company provisions**

This report has been prepared in accordance with the small companies regime within part 15 of 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 the new regulations

#### **Directors of the company**

The directors who held office during the year were as follows

Sir A Bore

D C Cooper (resigned 25 June 2014)

J L Hudson - Chairman

P Kehoe

M J Kelly

G E Richards

The following director was appointed after the year end

H Bills (appointed 4 July 2014)

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 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

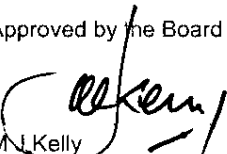
**First Castle Developments Limited**

**Directors' Report for the Year Ended 31 March 2014**

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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 16 July 2014 and signed on its behalf by



M. J. Kelly  
Director

**First Castle Developments Limited****Profit and Loss Account for the Year Ended 31 March 2014**

	<b>Note</b>	<b>2014 £</b>	<b>2013 £</b>
Turnover		391,616	310,915
Cost of sales		<u>(53,344)</u>	<u>(34,715)</u>
Gross profit		338,272	276,200
Administrative expenses		<u>(76,795)</u>	<u>(2,631)</u>
Operating profit	2	261,477	273,569
Other interest receivable and similar income		2	-
Interest payable and similar charges	4	<u>(258,517)</u>	<u>(258,764)</u>
Profit on ordinary activities before taxation		2,962	14,805
Tax on profit on ordinary activities	5	<u>(21,340)</u>	<u>(5,003)</u>
(Loss)/profit for the financial year	12	<u><u>(18,378)</u></u>	<u><u>9,802</u></u>
All results derive from continuing operations			

**First Castle Developments Limited****Statement of Total Recognised Gains and Losses for the Year Ended 31 March 2014**

	<b>Note</b>	<b>2014 £</b>	<b>2013 £</b>
(Loss)/profit for the financial year		(18,378)	9,802
Unrealised surplus on revaluation of properties		<u>487,500</u>	<u>-</u>
Total recognised gains and losses relating to the year		<u>469,122</u>	<u>9,802</u>

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

**First Castle Developments Limited**  
**Balance Sheet at 31 March 2014**

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Tangible fixed assets	6	5,829,000	5,357,186
<b>Current assets</b>			
Stocks	7	640,000	700,000
Debtors	8	19,968	1,165
Cash at bank and in hand		27,104	17,802
		687,072	718,967
Creditors: Amounts falling due within one year	9	(3,955,077)	(3,984,064)
Net current liabilities		(3,268,005)	(3,265,097)
Total assets less current liabilities		2,560,995	2,092,089
Provisions for liabilities	10	31,541	31,325
Net assets		2,592,536	2,123,414
<b>Capital and reserves</b>			
Called up share capital	11	1,151,000	1,151,000
Revaluation reserve	12	1,562,415	1,074,915
Profit and loss account	12	(120,879)	(102,501)
Total shareholders' funds	13	2,592,536	2,123,414


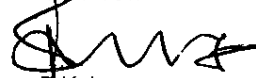
These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective 2008)

For the year ending 31 March 2014 the company has taken advantage of the audit exemption under section 479A of the Companies Act 2006 relating to subsidiary companies

The members have not required the company to obtain an audit in accordance with section 479A of the Companies Act 2006

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

Approved by the Board on 16 July 2014 and signed on its behalf by

  
 J.L. Hudson  
 Chairman  
  
 P. Kehoe  
 Director



## **First Castle Developments Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2014**

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#### **1 Accounting policies**

##### **Basis of preparation**

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principle accounting policies which have been applied consistently throughout the year are set out below.

##### **Cash flow and related party disclosures**

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement. The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Birmingham Airport Holdings group.

##### **Going concern**

These accounts have been prepared on the going concern 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 its 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.

##### **Tangible fixed assets and depreciation**

Freehold land and buildings are held as investment properties and are accounted for in accordance with SSAP 19. Consequently their open market value is reviewed internally on an annual basis, with external valuations every five years performed by an appropriately qualified valuer. Depreciation has not been provided on fixed assets.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated at the balance sheet date but not reversed except for the following:

a) Deferred tax assets are only recognised where, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which they can be recovered.

b) In respect of fixed asset revaluations, deferred tax is not provided unless there is a binding agreement to sell the asset at the balance sheet date. However, no provision is made if any gain is to be rolled over into replacement assets.

The company has elected not to discount the deferred tax assets and liabilities. Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### **Work in progress**

Work in progress relates to development land and is stated at lower of cost or net realisable value.

**First Castle Developments Limited****Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)****2 Operating profit**

Operating profit is stated after charging

	2014 £	2013 £
Auditor's remuneration - The audit of the company's annual accounts	899	848
Depreciation of tangible fixed assets	15,686	-

**3 Directors' remuneration and employee costs**

The directors' did not receive any remuneration in respect of their services to the company (2013 £nil) The company employed no staff during the year (2013 none)

**4 Interest payable and similar charges**

	2014 £	2013 £
Interest on loans from group undertakings	258,517	258,764
	<u>258,517</u>	<u>258,764</u>

**5 Taxation****Tax on profit on ordinary activities****Analysis of tax charge**

	2014 £	2013 £
<b>Current tax</b>		
Corporation tax charge	22,507	5,126
Adjustments in respect of previous years	(951)	(423)
UK Corporation tax	<u>21,556</u>	<u>4,703</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(4,418)	(629)
Deferred tax adjustment relating to previous years	(529)	(433)
Effect of changes in tax rates	<u>4,731</u>	<u>1,362</u>
Total deferred tax	<u>(216)</u>	<u>300</u>
Total tax on profit on ordinary activities	<u>21,340</u>	<u>5,003</u>

**First Castle Developments Limited****Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)****Taxation (continued)****Factors affecting current tax charge for the year**

Tax on profit on ordinary activities for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 23% (2013 - 24%)

The differences are reconciled below

	2014 £	2013 £
Profit on ordinary activities before taxation	2,962	14,805
Corporation tax at standard rate	681	3,553
Depreciation in excess of capital allowances	(642)	(763)
Other timing differences	5,060	1,392
permanent differences	17,408	944
Adjustment in respect of prior year	(951)	(423)
Total current tax	21,556	4,703

**Factors that may affect future tax charges**

In his recent budgets the Chancellor of the Exchequer proposed a decrease in the rate of UK corporation tax from 26% to 20% falling by 2% in 2012, a further 1% in 2013, 2% in 2014 and 1% in 2015. The reductions for 2014 and 2015 were substantively enacted on 2 July 2013 and in accordance with accounting standards have been reflected in the company's financial statements.

**6 Tangible fixed assets**

	Investment properties £
<b>Cost or valuation</b>	
At 1 April 2013 and 31 March 2013	5,357,186
Revaluation	471,814
At 31 March 2014	5,829,000
<b>Net book value</b>	
At 31 March 2014	5,829,000

**Revaluations**

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 £5,829,000 (2013 - £5,357,186) and a carrying amount at historical cost of £4,313,048 (2013 - £4,313,048). The depreciation on this historical cost is £nil (2013 - £nil).

**First Castle Developments Limited**

**Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)**

**Tangible fixed assets (continued)**

On a historical cost basis freehold land and buildings would have been included as follows

	<b>£'000</b>
At 1 April 2013	4,313
<b>At 31 March 2014</b>	<b>4,313</b>

**7 Development work in progress**

	<b>2014 £</b>	<b>2013 £</b>
Work in progress	640,000	700,000

The replacement cost of development work in progress was £640,000 (2013 £700,000) which is based upon the open market valuation carried out by GBR Phoenix Beard Limited as at 31 March 2014

**8 Debtors**

	<b>2014 £</b>	<b>2013 £</b>
Trade debtors	19,718	915
Other debtors	250	250
	<b>19,968</b>	<b>1,165</b>

**9 Creditors Amounts falling due within one year**

	<b>2014 £</b>	<b>2013 £</b>
Amounts owed to group undertakings	3,769,528	3,840,969
Corporation tax	22,702	5,696
Other creditors and deferred income	162,847	137,399
	<b>3,955,077</b>	<b>3,984,064</b>

**First Castle Developments Limited**

**Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)**

**10 Deferred taxation**

**Analysis of deferred tax**

**Deferred tax**

The movement in the deferred tax asset in the year is as follows

	£
At 1 April 2013	31,325
Deferred tax credited to the profit and loss account	216
At 31 March 2014	<u>31,541</u>

**Analysis of deferred tax**

	2014 £	2013 £
Difference between accumulated depreciation and amortisation and capital allowances	(2,922)	(4,002)
Other timing differences	<u>(28,619)</u>	<u>(27,323)</u>
	<u>(31,541)</u>	<u>(31,325)</u>

**11 Share capital**

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

	2014		2013	
	No	£	No	£
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 Reserves**

	Revaluation reserve £	Profit and loss account £	Total £
At 1 April 2013	1,074,915	(102,501)	972,414
Loss for the financial year	-	(18,378)	(18,378)
Surplus on property revaluation	<u>487,500</u>	<u>-</u>	<u>487,500</u>
At 31 March 2014	<u>1,562,415</u>	<u>(120,879)</u>	<u>1,441,536</u>

## First Castle Developments Limited

### Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)

#### 13 Reconciliation of movement in shareholders' funds

	2014 £	2013 £
(Loss)/profit for the financial year	(18,378)	9,802
Other recognised gains and losses relating to the year	487,500	-
Net addition to shareholders' funds	469,122	9,802
Shareholders' funds at 1 April	2,123,414	2,113,612
Shareholders' funds at 31 March	2,592,536	2,123,414

#### 14 Contingent liabilities

On 25 June 2010 the company along with other group members of Birmingham Airport Holdings Limited provided guarantees to Santander UK plc and The Royal Bank of Scotland plc in support of a £45 million banking facility made available to Birmingham Airport Holdings Limited. The facility is for a period of 5 years, with an expiry date of 25 June 2015. The facilities and associated guarantees were cancelled on 28 November 2013.

On 3 December 2013 the company along with other group members of Birmingham Airport Holdings Limited provided guarantees to the 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 December 2018. At the date of signing these accounts, the total amount outstanding under the facility was £nil.

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 on 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 on 3 December 2028 and carries a fixed interest rate of 4.557 per cent per annum.

#### 15 Control

The company is controlled by the immediate parent undertaking Birmingham Airport Limited. The ultimate parent undertaking and controlling party is Birmingham Airport Holdings Limited, a company incorporated in England. Birmingham Airport Holdings Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2014. The consolidated financial statements of Birmingham Airport Holdings Limited are available from its registered office, Diamond House, Birmingham Airport, Birmingham, West Midlands, B23 3QJ.

#### 16 Related party transactions

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.