

First Castle Developments Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 March 2018

Registration number: 02783202

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First Castle Developments Limited

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First Castle Developments Limited

Company Information

Chairman	T Clarke
Directors	S L C Richards T Clarke
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 2018

The Directors present their report and the financial statements for the year ended 31 March 2018.

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 (resigned 12 July 2017)

P Kehoe (resigned 12 July 2017)

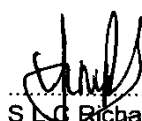
S L C Richards - Company secretary and director

T Clarke - Chairman (appointed 12 July 2017)

John Hudson OBE stepped down from his role of Chairman on 12 July 2017. The board would like to express their grateful thanks to John for the tremendous contribution he has made to Birmingham Airport during the last twenty years. Under his stewardship the Airport has expanded its route network and grown passenger numbers from 5.5 million to 12.9 million, delivered major investment in the Airport facilities, notably the runway extension and new international pier and provided significant economic value to the region.

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 do not have any interest in the shares of that company disclosed in those accounts.

Approved by the Board on 4 July 2018 and signed on its behalf by:



S L C Richards

Company secretary and director

First Castle Developments Limited

Statement of Directors' Responsibilities in respect of the financial statements

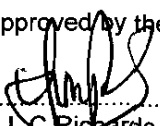
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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, comprising FRS 102 "The financial Reporting Standard applicable in the UK and Republic of Ireland", 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 4 July 2018 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 2018**

	Note	2018 £	2017 £
Turnover	3	178,748	283,543
Cost of sales		<u>(48,755)</u>	<u>(31,401)</u>
Gross profit		129,993	252,142
Administrative expenses		<u>296,173</u>	<u>510,212</u>
Operating profit	4	<u>426,166</u>	<u>762,354</u>
Interest receivable and similar expenses		-	1
Interest payable and similar charges	5	<u>(233,500)</u>	<u>(233,852)</u>
		<u>(233,500)</u>	<u>(233,851)</u>
Profit before taxation		192,666	528,503
Tax on profit	7	<u>(30,250)</u>	<u>(92,403)</u>
Profit for the financial year		<u>162,416</u>	<u>436,100</u>

The above results were derived from continuing operations.

The notes on pages 7 to 13 form an integral part of these financial statements.

First Castle Developments Limited**(Registration number: 02783202)****Statement of Financial Position as at 31 March 2018**

	Note	2018 £	2017 £
Fixed assets			
Investment property	8	6,370,000	6,074,000
Current assets			
Development work in progress	9	640,000	640,000
Debtors	10	21,114	1,731
Cash at bank and in hand		12,557	19,699
		<u>673,671</u>	<u>661,430</u>
Creditors: Amounts falling due within one year	11	<u>(3,711,232)</u>	<u>(3,616,084)</u>
Net current liabilities		<u>(3,037,561)</u>	<u>(2,954,654)</u>
Total assets less current liabilities		3,332,439	3,119,346
Provisions for liabilities	13	<u>(376,026)</u>	<u>(325,349)</u>
Net assets		<u>2,956,413</u>	<u>2,793,997</u>
Capital and reserves			
Called up share capital	12	1,151,000	1,151,000
Revaluation reserve		1,296,804	1,296,804
Retained earnings		<u>508,609</u>	<u>346,193</u>
Total equity		<u>2,956,413</u>	<u>2,793,997</u>

For the financial year ending 31 March 2018 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 4 July 2018 and signed on its behalf by:



T Clarke
Chairman

The notes on pages 7 to 13 form an integral part of these financial statements.

First Castle Developments Limited

Statement of Changes in Equity for the Year Ended 31 March 2018

	Called up share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 April 2016	1,151,000	1,281,180	(89,907)	2,342,273
Profit for the financial year	-	-	436,100	436,100
Revaluation reserve deferred tax movement	-	15,624	-	15,624
At 31 March 2017	<u>1,151,000</u>	<u>1,296,804</u>	<u>346,193</u>	<u>2,793,997</u>
At 1 April 2017	1,151,000	1,296,804	346,193	2,793,997
Profit for the financial year	-	-	162,416	162,416
At 31 March 2018	<u>1,151,000</u>	<u>1,296,804</u>	<u>508,609</u>	<u>2,956,413</u>

The notes on pages 7 to 13 form an integral part of these financial statements.

First Castle Developments Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

1 General information

The company is incorporated and domiciled in England.

The address of its registered office is:

Diamond House
Birmingham Airport
Birmingham
West Midlands
B26 3QJ
England

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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' and the companies act 2006.

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

FRS102 allows a qualifying entity certain disclosure exemptions; these disclosures are included in the consolidated financial statements of Birmingham Airport Holdings Limited. The company has taken advantage of the following exemptions;

- the requirement to prepare a statement of cash flows (FRS 102 para 1.12(b));
- the non-disclosure of key management personnel compensation in total (FRS 102 para 33.7); and
- the requirement to complete a reconciliation of the number of shares outstanding at the beginning and end of the period (FRS 102 para 4.12(a)(iv)).

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.

First Castle Developments Limited

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

2 Accounting policies (continued)

Revenue recognition

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. All turnover is generated 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 the income statement, 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.

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.

3 Turnover

The analysis of the company's revenue for the year by class of business

	2018 £	2017 £
Property income	<u>178,748</u>	<u>283,543</u>

4 Operating profit

Arrived at after charging/(crediting)

	2018 £	2017 £
Fair value of investment property	<u>(296,000)</u>	<u>(515,000)</u>

First Castle Developments Limited

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

5 Interest payable and similar expenses

	2018 £	2017 £
Interest on loans from group undertakings	233,500	233,852

6 Directors' emoluments and staff costs

The Directors' did not receive emoluments in respect of their services to the company (2017: £nil).
The company employed no staff during the year (2017: none).

7 Tax on profit

(a) Tax charged/(credited) in the income statement

	2018 £	2017 £
Current taxation		
UK corporation tax	(20,427)	3,823
UK corporation tax adjustment to prior periods	-	4,042
	<u>(20,427)</u>	<u>7,865</u>
Deferred taxation		
Arising from origination and reversal of timing differences	57,033	101,878
Arising from changes in tax rates and laws	(353)	(13,702)
Deferred tax adjustment relating to previous periods	<u>(6,003)</u>	<u>(3,638)</u>
	<u>50,677</u>	<u>84,538</u>
Tax on profit	<u>30,250</u>	<u>92,403</u>

(b) Reconciliation of tax charge

	2018 £	2017 £
Profit before tax	<u>192,666</u>	<u>528,503</u>
Corporation tax at standard rate	36,606	105,701
Deferred tax (credit) relating to changes in tax rates or laws	(353)	(13,702)
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	<u>(6,003)</u>	<u>404</u>
Total tax charge	<u>30,250</u>	<u>92,403</u>

First Castle Developments Limited

Notes to the Financial Statements for the Year Ended 31 March 2018 (*continued*)

7 Tax on profit (continued)

(c) Tax rate changes

In his recent budgets the Chancellor of the Exchequer proposed a decrease in the rate of UK corporation tax from 19% to 17% from 1 April 2020. These have been substantively enacted at the balance sheet date and are reflected in the company's financial statements.

8 Investment property

	2018 £
At 1 April	6,074,000
Fair value adjustments	<u>296,000</u>
At 31 March	<u>6,370,000</u>

The Investment Properties class of fixed assets was revalued on 31 March 2017 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 £6,370,000 (2017: 6,074,000) and a carrying amount at historical cost of £4,043,048 (2017: £4,043,048). The depreciation on this historical cost is £nil (2017: £nil).

9 Development work in progress

	2018 £	2017 £
Work in progress	<u>640,000</u>	<u>640,000</u>

The replacement cost of development work in progress was £640,000 (2017: £640,000) which is based upon the open market valuation carried out by GBR Phoenix Beard Limited as at 31 March 2014.

10 Debtors

	2018 £	2017 £
Trade debtors	1,553	1,481
Other receivables	250	250
Corporation tax	<u>19,311</u>	<u>-</u>
	<u>21,114</u>	<u>1,731</u>

First Castle Developments Limited

Notes to the Financial Statements for the Year Ended 31 March 2018 (*continued*)

11 Creditors

	2018 £	2017 £
Amounts falling due within one year		
Amounts owed to group undertakings	3,556,395	3,458,940
Accrued expenses	153,102	144,857
Corporation tax	-	9,011
Deferred income	1,735	3,276
	<u>3,711,232</u>	<u>3,616,084</u>

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.

12 Share capital

Allotted, called up and fully paid shares

	No.	2018 £	No.	2017 £
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>

13 Provisions for liabilities

	Deferred tax £
At 1 April 2017	325,349
Increase (decrease) in existing provisions	<u>50,677</u>
At 31 March 2018	<u>376,026</u>

First Castle Developments Limited

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

13 Provisions for liabilities (continued)

Deferred tax

Deferred tax assets and liabilities

2018	Asset £	Liability £
Advance capital allowances	1,868	-
Other timing differences	25,587	-
Revaluation of investment property	-	(403,481)
	<u>27,455</u>	<u>(403,481)</u>
2017	Asset £	Liability £
Advance capital allowances	1,768	-
Other timing differences	26,044	-
Revaluation of investment property	-	(353,161)
	<u>27,812</u>	<u>(353,161)</u>

14 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.

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 30 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.

15 Related party transactions

The company has taken advantage of the exemption in FRS102 from disclosing transactions with other members of the group.

First Castle Developments Limited

Notes to the Financial Statements for the Year Ended 31 March 2018 (*continued*)

16 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.