# First Castle Developments Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 March 2021

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Registration number: 02783202

## First Castle Developments Limited
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## First Castle Developments Limited
## Company Information

| | |
|---|---|
| **Chairman** | T Clarke |
| **Directors** | T Clarke<br>N Barton<br>S L C Richards |
| **Company secretary** | F Penhallurick |
| **Registered office** | Diamond House<br>Birmingham Airport<br>Birmingham<br>West Midlands<br>B26 3QJ |
| **Solicitors** | Eversheds LLP<br>115 Colmore Row<br>Birmingham<br>West Midlands<br>B3 3AL |
| **Bankers** | National Westminster Bank plc<br>2 St Philips Place<br>Birmingham<br>West Midlands<br>B3 2RB |

## First Castle Developments Limited

## Directors Report for the Year Ended 31 March 2021

The Directors present their report and the financial statements for the year ended 31 March 2021.

**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**
The directors have not prepared a strategic report as the company is exempt from preparing one under the small company exemption.

**Directors of the Company**
The directors who held office during the year were as follows:

T Clarke - Chairman

N Barton - Chief executive

S L C Richards

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 30 June 2021 and signed on its behalf by:

F Penhallurick
Company secretary

## 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.

The Directors 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 30 June 2021 and signed on its behalf by:

F Pennallurick
Company secretary

## First Castle Developments Limited

## Income Statement for the Year Ended 31 March 2021

| | Note | 2021<br>£ | 2020<br>£ |
|---|---|---|---|
| Turnover | 3 | 322,583 | 392,275 |
| Cost of sales | | (54,448) | (133,882) |
| Gross profit | | 268,135 | 258,393 |
| Administrative expenses | | 332,142 | (503,192) |
| **Operating profit/(loss)** | 4 | 600,277 | (244,799) |
| Interest payable and similar charges | 5 | (244,113) | (240,377) |
| | | (244,113) | (240,377) |
| Profit/(loss) before taxation | | 356,164 | (485,176) |
| Tax on profit | 7 | (71,713) | 78,031 |
| **Profit/(loss) for the financial year** | | 284,451 | (407,145) |

The above results were derived from continuing operations.

## First Castle Developments Limited

## (Registration number: 02783202)
## Statement of Financial Position as at 31 March 2021

| | Note | 2021<br>£ | 2020<br>£ |
|---|---|---|---|
| **Fixed assets** | | | |
| Investment property | 8 | 6,299,000 | 5,958,250 |
| **Current assets** | | | |
| Development work in progress | 9 | 640,000 | 640,000 |
| Debtors | 10 | 54,870 | 69,410 |
| Cash at bank and in hand | | 30,061 | 6,833 |
| | | 724,931 | 716,243 |
| **Creditors: Amounts falling due within one year** | 11 | (3,753,469) | (3,753,386) |
| **Net current liabilities** | | (3,028,538) | (3,037,143) |
| **Total assets less current liabilities** | | 3,270,462 | 2,921,107 |
| Provisions for liabilities | 13 | (407,874) | (342,970) |
| **Net assets** | | 2,862,588 | 2,578,137 |
| **Capital and reserves** | | | |
| Called up share capital | 12 | 1,151,000 | 1,151,000 |
| Revaluation reserve | | 1,265,556 | 1,265,556 |
| Retained earnings | | 446,032 | 161,581 |
| **Total equity** | | 2,862,588 | 2,578,137 |

For the financial year ending 31 March 2021 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.

The financial statements on pages 4 to 14 were approved and authorised by the Board on 30 June 2021 and signed on its behalf by:

T Clarke

Chairman

## First Castle Developments Limited

## Statement of Changes in Equity for the Year Ended 31 March 2021

| | Called up share capital £ | Revaluation reserve £ | Retained earnings £ | Total equity £ |
|---|---|---|---|---|
| At 1 April 2019 | 1,151,000 | 1,296,804 | 568,726 | 3,016,530 |
| Loss for the financial year | - | - | (407,145) | (407,145) |
| Revaluation reserve deferred tax movement | - | (31,248) | - | (31,248) |
| At 31 March 2020 | 1,151,000 | 1,265,556 | 161,581 | 2,578,137 |
| At 1 April 2020 | 1,151,000 | 1,265,556 | 161,581 | 2,578,137 |
| Profit for the financial year | - | - | 284,451 | 284,451 |
| At 31 March 2021 | 1,151,000 | 1,265,556 | 446,032 | 2,862,588 |

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

## 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.

**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 (FRS 102 para 1.12(b));
• the requirement to disclose transactions with group members (FRS 102 para 33.1A);
• 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.

## 2 Accounting policies (continued)

### Going concern

The group of companies to which the company belongs has external debt facilities in the form of £371 million of private placement loan notes and a bank loan of £25 million, for which the company has cross guarantees.

The Directors have reviewed the prospects for the Group, of which the Company is a member, to March 2023 (twenty-four months from the balance sheet date) in the context of the ongoing Covid-19 pandemic. At the balance sheet date the Group had strong liquidity, with a cash balance of £73.2 million. Actions taken since the start of the pandemic to reduce expenditure have led to cash outflows in the second half of 2020/21 averaging £5.5 million per month. Therefore, on a simple basis the Group has sufficient cash to operate for 13 months. To further support the Group, a £65 million shareholder loan facility has been put in place with Birmingham Airport Holdings Limited. Together with the cash balance, the Group therefore has liquidity sufficient for almost two years from the date of signing these financial statements.

The Directors have also considered the continuing uncertainties facing the Group and Company over the next two years and carried out financial modelling of a range of trading scenarios along with the actions which could be taken in response.

After due consideration of the matters set out above, the Directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis. However, the uncertain course of the Coronavirus pandemic and its impact on the ability of the Group to meet its covenant tests, and to take corrective measures should it not be able to do so, continue to cast some doubt in the medium-term on the Group and Company's ability to continue as a going concern and continue realising their assets and discharging their liabilities in the normal course of business. These financial statements do not contain any adjustment that would arise if the financial statements were not drawn up on a going concern basis.

### 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.

## 2 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.

## 3 Turnover

The analysis of the company's revenue for the year by class of business is as follows:

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| Property income | 322,583 | 392,275 |

## 4 Operating profit

Arrived at after charging/(crediting)

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| Fair value of investment property | (340,750) | 505,750 |

## 5 Interest payable and similar expenses

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| Interest on loans from group undertakings | 244,113 | 240,377 |

## 6 Directors' emoluments and staff costs

The Directors' did not receive emoluments in respect of their services to the company (2020: £nil). The company employed no staff during the year (2020: none).

## 7 Tax on profit

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

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| **Current taxation** | | |
| UK corporation tax | 2,768 | 3,724 |
| UK corporation tax adjustment to prior periods | 4,041 | (797) |
| | 6,809 | 2,927 |
| **Deferred taxation** | | |
| Arising from origination and reversal of timing differences | 64,904 | - |
| Arising from changes in tax rates and laws | - | 14,949 |
| Deferred tax adjustment relating to previous periods | - | (95,907) |
| | 64,904 | (80,958) |
| Tax on profit | 71,713 | (78,031) |

### (b) Reconciliation of tax credit

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| Profit/(loss) before tax | 356,164 | (485,176) |
| Corporation tax at standard rate | 67,671 | (92,183) |
| Deferred tax (credit) relating to changes in tax rates or laws | - | 14,949 |
| Increase (decrease) in UK and foreign current tax from adjustment for prior periods | 4,042 | (797) |
| Total tax charge/(credit) | 71,713 | (78,031) |

## 7 Tax on profit (continued)

### (c) Tax rate changes

In his recent budget the Chancellor of the Exchequer increased the rate of UK corporation tax from 19% to 25% from 1 April 2023. This was not substantively enacted at the balance sheet date and is not reflected in the company's financial statements.

## 8 Investment property

| | 2021<br>£ |
|---|---|
| At 1 April | 5,958,250 |
| Fair value adjustments | 340,750 |
| At 31 March | 6,299,000 |

The Investment Properties class of fixed assets was revalued on 31 March 2021 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 £6,299,000 (2020: £5,958,250) and a carrying amount at historical cost of £4,043,048 (2020: £4,043,048). The depreciation on this historical cost is £nil (2020: £nil).

## 9 Development work in progress

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| Work in progress | 640,000 | 640,000 |

The replacement cost of development work in progress was £640,000 (2020: £640,000) which is based upon the open market valuation carried out by GBR Phoenix Beard Limited as at 31 March 2014.

## 10 Debtors

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| Trade debtors | 45,279 | 53,010 |
| Other receivables | 250 | 250 |
| Corporation tax | 9,341 | 16,150 |
| | 54,870 | 69,410 |

## 11 Creditors

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| **Amounts falling due within one year** | | |
| Amounts owed to group undertakings | 3,605,412 | 3,607,043 |
| Accrued expenses | 139,791 | 138,077 |
| Deferred income | 8,266 | 8,266 |
| | 3,753,469 | 3,753,386 |

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**

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | 1,151,000 | 1,151,000 | 1,151,000 | 1,151,000 |

## 13 Provisions for liabilities

| | Deferred tax<br>£ |
|---|---|
| At 1 April 2020 | 342,970 |
| Increase (decrease) in existing provisions | 64,904 |
| At 31 March 2021 | 407,874 |

## 13 Provisions for liabilities (continued)

**Deferred tax**

Deferred tax assets and liabilities

| 2021 | Asset £ | Liability £ |
|---|---|---|
| Advance capital allowances | 1,659 | - |
| Other timing differences | 28,087 | - |
| Revaluation of investment property | - | (437,620) |
| | 29,746 | (437,620) |

| 2020 | Asset £ | Liability £ |
|---|---|---|
| Advance capital allowances | 1,659 | - |
| Other timing differences | 28,087 | - |
| Revaluation of investment property | - | (372,716) |
| | 29,746 | (372,716) |

## 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 24 January 2019, the company, along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £90 million private placement senior notes issued by Birmingham Airport (Finance) PLC on 24 January 2019. The senior notes are for a period of 30 years maturing 24 January 2049 and carry a fixed interest rate of 3.21 per cent per annum.

On 16 January 2019, the company along with other group members of Birmingham Airport Holdings Limited, provided guarantees to Royal Bank of Scotland PLC in support of a £25 million banking facility made available to Birmingham Airport Holdings Limited. The facility is for a period of five years with an expiry date of 16 January 2024, with an option to extend by 2 further 12 month periods. At the date of signing these financial statements, the total amount of the facility has been drawn down.

On 23 January 2020, the company, along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £85 million private placement senior notes issued by Birmingham Airport (Finance) PLC on 24 January 2020. The senior notes are for a period of 30 years maturing 24 January 2050 and carry a fixed interest rate of 2.44 per cent per annum.

### 14 Contingent liabilities (continued)

On 21 May 2020, the company, along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £45 million private placement senior notes issued by Birmingham Airport (Finance) PLC on 21 May 2020. The senior notes are for a period of 30 years maturing 21 May 2050 and carry a fixed interest rate of 2.94 per cent per annum.

### 15 Related party transactions

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

### 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.