

Registered number: 04910171

**BALLYMORE PROPERTIES HOLDINGS LIMITED  
AND SUBSIDIARIES**

**Directors' report and financial statements**

**for the year ended 31 March 2014**

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# **BALLYMORE PROPERTIES HOLDINGS LIMITED**

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# **BALLYMORE PROPERTIES HOLDINGS LIMITED**

## **Company Information**

<b>DIRECTORS</b>	Sean Mulryan Brian Fagan David Pearson John Mulryan
<b>COMPANY SECRETARY</b>	Brian Fagan
<b>REGISTERED NUMBER</b>	04910171
<b>REGISTERED OFFICE</b>	St John's House 5 South Parade Summertown Oxford OX2 7JL
<b>INDEPENDENT AUDITOR</b>	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2 Ireland
<b>FINANCE PROVIDERS</b>	Allied Irish Bank (GB) London  Allied Irish Bank Dublin  KBC Bank Ireland Dublin  Bank of Ireland Dublin  Barclays Bank London  National Asset Management Agency ("NAMA") Treasury Building Grand Canal Street Dublin 2
<b>SOLICITORS</b>	Howard Kennedy Fsi Harcourt House 19 Cavendish Square London W1A 2AW

**BALLYMORE PROPERTIES HOLDINGS LIMITED**

Hogan Lovells International LLP  
65 Holborn Viaduct  
London  
EC1A 2FG

Wragge & Co  
3 Waterhouse Square  
142 High Holborn  
London  
EC1N 2SW

## **BALLYMORE PROPERTIES HOLDINGS LIMITED**

### **Group strategic report for the year ended 31 March 2014**

#### **INTRODUCTION**

The directors present their strategic report for the year ended 31 March 2014.

#### **BUSINESS REVIEW**

The company is a holding company and the principal activities of its subsidiary undertakings continue to be that of property development and investment. The business conducted is principally in the residential market within London.

#### **BUSINESS ENVIRONMENT**

The UK market, particularly London, where the Group has a high concentration of assets has performed extremely well during the year. London continues to maintain its position as a major global city and with a stable social and political environment, it is attracting more people with inward investment mostly from overseas. Hence, demand in the housing market in London has remained strong and the group is now experiencing price increases in line with those reported in the wider London market.

#### **RESULTS AND PERFORMANCE**

The profit for the year was £59.1 million (2013 profit: £5.4 million).

Highlights during the year were as follows:

- Sale of the 27 acre Royal Wharf site at the Royal Docks to Oxley Holdings Ltd, a Singapore based property developer, which legally completed at end of December 2013
- Sale of Old Spitalfields Market with profit recognised during the year as announced in the 2013 financial statements
- Successful launch of London City Island located at Leamouth Peninsula on the north side of the Thames opposite London's O2 Arena. A mixed use development with c.1,600 residential units
- Build out of Phase 1 of the Embassy Gardens development in London's Nine Elms area is now well under way with completion notices expected to be served in the first half of 2015. The Ballymore Embassy Gardens site is next to the new US Embassy location and joins other prestigious developments in the area. Phase 1 of the scheme (over 500 private apartments) has been entirely sold off plan
- Phase 2 of the 21 Wapping Lane development is progressing well with completion notices served before 31 March 2014 year end, on approximately half of the apartments
- The 43 storey Providence Tower development in London's Docklands area is progressing well with continuing off plan sales progress
- West Hampstead Square, a joint venture with Network Rail, launched in June 2013. Viewings of apartments peaked at more than 350 in September 2013 and the scheme is now almost sold out
- Units exchanged in the UK as at 31 March 2014 reached 1,472 with a value amounting to approximately £830 million. These will complete throughout the period to the end of 2016
- 90% of units that are in the course of construction are contracted for sale

#### **STRATEGY**

As disclosed in the 2013 financial statements, the Connection Management Agreement ("CMA") with NAMA along with the group's business plan, set out the various conditions the group is required to meet. The group met its targets during the year and assuming the current improvement in the property market continues, it will continue to meet its targets and deliver strong performance in the foreseeable future. The group continues to have the support of NAMA through the provision of funding and continuance of existing borrowings.

## **BALLYMORE PROPERTIES HOLDINGS LIMITED**

### **Group strategic report (continued)**

#### **Principal risks and uncertainties**

The group's strategy is to identify risks and uncertainties in the course of its day to day operation and assess those risks with a view to minimising them. The directors consider that the principal risks and uncertainties faced by the group are in the following categories:

#### **Capital requirements risk – funding and going concern**

As previously disclosed, NAMA provides a significant proportion of borrowings to the group. NAMA has set targets to be achieved on a yearly basis and those financial objectives are reviewed on a regular basis between the group's management and NAMA.

During the year, the group met its cash realisation target, one of its key performance indicators. Net cash realised from the sale of UK assets has significantly reduced borrowings from £1,060 million at 31 March 2013 to £832 million at 31 March 2014, a decrease of 21%. The sale of Old Spitalfields Market and Royal Wharf contributed gross sales proceeds of £255 million.

Whilst the future performance of the group is influenced partly by macro-economic, financial, credit and property industry conditions outside its control, management is confident that the group will keep meeting its minimum cash targets and will exceed them if market conditions keep improving.

Having carried out a detailed assessment of the group's business plan, the status of its funding arrangements and its relationships with key lenders, and having considered the principal assumptions supporting the group's cash flow projections, the directors conclude that there is a reasonable expectation that the group and company will be able to meet their liabilities as they fall due for the foreseeable future. Consequently, the directors consider it appropriate to prepare the financial statements on a going concern basis. The assumptions and uncertainties considered by the directors in reaching this conclusion are set out in more detail in Note 1.

#### **Other financial risk**

The global credit crisis and prevailing economic conditions have affected the availability of development and working capital finance in the property sector as well as impacting prospective property purchasers. The directors are working closely with the group's key stakeholders in order to mitigate the impact of these factors on the group's financial position.

Each of the companies within the group has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risk. Key performance indicators used by management include turnover, unit completions and profitability per unit.

#### **Economic risk**

The house building industry is sensitive to the macroeconomic environment internationally, nationally and regionally such as interest rates and world-wide consumer confidence. Recovery in London, where the group has the largest concentration of its assets, continues to outperform the general UK economy.

As such, the following represent the primary economic risks to the group:

- The risk relating to the availability of finance, and ongoing liquidity and interest rate movements having an adverse impact on property markets.
- The risk of unrealistic increases in development and operating costs impacting adversely on competitiveness of the group.

These risks are managed by due consideration of the interest rate environment and closely managing the work in progress levels. In response to the current economic environment, the group continues to explore cost reduction programmes and the control of supply of units into the market.

## **BALLYMORE PROPERTIES HOLDINGS LIMITED**

### **Group strategic report (continued)**

#### **Regulatory risk**

As the group is engaged in property development, it is therefore subject to extensive and complex laws and regulations relating to planning, environment and health and safety. Non-compliance can result in delays with the consequence of incurring substantial cost or restricting land development and construction along with damage to the group's reputation.

The group actively engages with local authorities and regulators in respect to planning policies to ensure that all regulatory compliance are met. Before any third party subcontractors are used, there is a due diligence undertaken into their health and safety records along with their best practices and standards to the environment.

The directors manage market risk through careful attention to residential and commercial property markets and through appropriate business planning and pricing.

#### **Financial Instruments**

Due to the nature of its business, the group and company is exposed to the effects of fluctuations in interest rates. In order to manage these exposures, the group has historically, entered into various hedging arrangements with commercial banks. Due to the current low interest rate environment and the forecast continuance of low interest rates the group has not currently entered into any hedging arrangements. The group continually reviews this policy and may enter into arrangements at future dates.

#### **Future developments**

NAMA continues to monitor the group's performance to ensure that the group adheres to both the actions and the targets agreed. The primary focus of the group will be to ensure that the plan and targets agreed are delivered upon. The actions contained within the plan include refinancing and disposals of non-core assets, where appropriate.

The group is confident that the pace at which it is achieving the targets will evolve rapidly over the next two or three years. As the UK economy continues to strengthen, the group will continue to be profitable and make further repayments on its outstanding loans.

In addition, the group has a number of developments in construction, which will reach completion in the coming years. It is anticipated that profits will be recognised at completion or disposal of the relevant assets.

This report was approved by the board on 21 July 2014 and signed on its behalf.

**Brian Fagan**  
Director



## **BALLYMORE PROPERTIES HOLDINGS LIMITED**

### **Directors' report for the year ended 31 March 2014**

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

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £59.1 million (2013 - £ 5.4 million).

#### **FUTURE DEVELOPMENTS**

Likely future developments in the business of the group are discussed in the strategic report.

#### **DIRECTORS**

The directors who served during the year were:

Sean Mulryan  
Brian Fagan  
David Pearson  
John Mulryan

#### **EMPLOYEES**

The group places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the group.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**BALLYMORE PROPERTIES HOLDINGS LIMITED**

**Directors' report  
for the year ended 31 March 2014**

**POST BALANCE SHEET EVENTS**

No events affecting the group have taken place since the end of the financial year which require disclosure in the financial statements.

**PROVISION OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

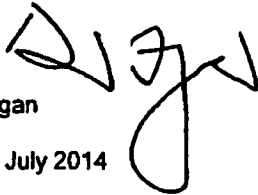
- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information.

**AUDITOR**

Under section 487(2) of the Companies Act 2006, KPMG will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

Brian Fagan  
Director  
Date: 21 July 2014





**KPMG**  
**Audit**  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
Ireland

## **BALLYMORE PROPERTIES HOLDINGS LIMITED**

### **Independent auditor's report to the members of Ballymore Properties Holdings Limited**

We have audited the financial statements of Ballymore Properties Holdings Limited for the year ended 31 March 2014, set out on pages 10 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2014 and of the group's results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



## **BALLYMORE PROPERTIES HOLDINGS LIMITED**

### **Independent auditor's report to the members of Ballymore Properties Holdings Limited**

#### **EMPHASIS OF MATTER – GOING CONCERN**

In forming our opinion on these financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1 concerning the group's and parent company's ability to continue as going concerns. At 31 March 2014, the group's shareholders' deficit amounted to £744 million. The group had total debt of £832 million and is dependent on the continued financial support of its bankers and NAMA. Note 1 sets out a number of material uncertainties which may cast significant doubt on the ability of the group and company to continue as going concerns. These matters include the ability of the group to adhere to the terms and conditions of its agreements and the terms of facilities with its lenders as well as the ability of the group to refinance or renew bank facilities as they fall due. While the ultimate outcome of these matters cannot be assessed with certainty at this time, the directors are of the opinion that, based on the current status of the group's relationships with its lenders, it is appropriate to prepare the financial statements on the going concern basis.

The financial statements do not include any adjustments that would result if the group and the parent company were unable to continue as going concerns.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

C. Mullen (Senior statutory auditor)  
for and on behalf of  
**KPMG, Statutory auditor**  
Chartered Accountants  
Dublin  
21 July 2014

# BALLYMORE PROPERTIES HOLDINGS LIMITED

## Consolidated profit and loss account for the year ended 31 March 2014

	Note	31 March 2014 £000	31 March 2013 £000
Group turnover including share of joint ventures		222,786	132,432
Less: Share of joint ventures' turnover		(319)	(393)
<b>Turnover - continuing operations</b>	<b>2</b>	<b>222,467</b>	<b>132,039</b>
<b>Cost of sales</b>		<b>(105,938)</b>	<b>(109,646)</b>
<b>Gross profit</b>		<b>116,529</b>	<b>22,393</b>
(Provision for) / release of impairment of fixed assets	13	(216)	703
(Provision for) / release of impairment of stock	17	(52)	3,996
Administrative expenses		(18,045)	(7,551)
Other income	3	877	7,492
<b>Group operating profit continuing operations</b>		<b>99,084</b>	<b>27,033</b>
Share of operating loss in joint ventures	14	(17,607)	(388)
Share of operating loss in associate	15	(17)	(1,899)
<b>Total operating profit</b>		<b>81,470</b>	<b>24,746</b>
Loss on buy out of minority interest in subsidiary	4	(3,125)	-
Loss on buy-out of joint arrangement	5	-	(1,114)
Profit on disposal of fixed assets		46,737	7,127
Interest receivable and similar income			
- Group	6	2,028	3,868
- Joint ventures	14	1	1
- Associate	15	4	11
Interest payable and similar charges			
- Group	7	(66,809)	(29,375)
- Joint ventures	14	(1,304)	(1,122)
Investment income	8	95	159
<b>Profit / (loss) on ordinary activities before taxation</b>	<b>9</b>	<b>59,097</b>	<b>4,301</b>
Tax on profit on ordinary activities	11	-	90
<b>Profit on ordinary activities after taxation</b>		<b>59,097</b>	<b>4,391</b>
Minority interest	29	-	971
<b>Profit for the financial year</b>		<b>59,097</b>	<b>5,362</b>

**BALLYMORE PROPERTIES HOLDINGS LIMITED**

**Consolidated statement of total recognised gains and losses  
for the year ended 31 March 2014**

	Note	2014 £000	2013 £000
Profit for the financial year		59,097	5,362
Unrealised surplus / (deficit) on revaluation of investment properties	25	26	(364)
<b>Total recognised gains and losses</b>		<b>59,123</b>	<b>4,998</b>

**Consolidated note of historical cost profits and losses  
for the year ended 31 March 2014**

	Note	2014 £000	2013 £000
Reported profit on ordinary activities before taxation		59,097	4,301
Revaluation surplus realised on disposal of investment property	27	18,183	11,847
<b>Historical cost profit on ordinary activities before taxation</b>		<b>77,280</b>	<b>16,148</b>
<b>Historical cost profit for the year retained after taxation and minority interest</b>		<b>77,280</b>	<b>17,209</b>

**BALLYMORE PROPERTIES HOLDINGS LIMITED**

**Consolidated balance sheet  
for the year ended 31 March 2014**

	Note	2014 £000	2013 £000
<b>Fixed assets</b>			
Tangible assets	13	18,597	65,738
Investment in joint ventures	14	-	-
Investment in associate	15	-	-
Financial fixed assets	16	-	5,262
		<u>18,597</u>	<u>71,000</u>
<b>Current assets</b>			
Stock	17	441,089	407,010
Debtors - due within one year	18	130,471	119,628
Cash at bank and in hand	19	13,124	26,319
		<u>584,684</u>	<u>552,957</u>
<b>Total assets</b>		<u><b>603,281</b></u>	<u><b>623,957</b></u>
<b>Capital and reserves</b>			
Called up share capital	24	100	100
Revaluation reserve	25	594	18,751
Other reserves	26	(154,400)	(154,400)
Profit and loss account	27	(590,541)	(667,821)
		<u>(744,247)</u>	<u>(803,370)</u>
<b>Shareholders' deficit</b>	28	<b>(744,247)</b>	<b>(803,370)</b>
Minority interest	29	7,500	8,723
		<u>(736,747)</u>	<u>(794,647)</u>
<b>Liabilities</b>			
Creditors – due within one year	20	891,697	944,847
Creditors – due after one year	21	395,738	442,113
Provisions for liabilities	23	52,593	31,644
		<u>1,340,028</u>	<u>1,418,604</u>
<b>Total capital, reserves and liabilities</b>		<u><b>603,281</b></u>	<u><b>623,957</b></u>

These financial statements were approved by the board of directors on 21 July 2014 and were signed on its behalf by:

B. Fagan  
Director



# **BALLYMORE PROPERTIES HOLDINGS LIMITED**

## **Consolidated cash flow statement for the year ended 31 March 2014**

	Note	2014 £000	2013 £000
Net cash inflow / (outflow) from operating activities	30	141,262	(46,730)
Returns on investment and servicing of finance	31	(22,573)	(40,644)
Capital expenditure and financial investment	31	108,730	62,092
Acquisitions and disposals	31	(12,586)	(1,114)
<b>Net cash inflow / (outflow) before management of liquid resources and financing</b>		<b>214,833</b>	<b>(26,396)</b>
Management of liquid resources	31	14	(208)
Financing	31	(228,028)	34,643
		<b>(228,014)</b>	<b>34,435</b>
<b>(Decrease) / increase in cash in the year</b>		<b>(13,181)</b>	<b>8,039</b>

## **Reconciliation of net cash flow to movement in net debt for the year ended 31 March 2014**

	Note	2014 £000	2013 £000
(Decrease) / increase in cash in the year	32	(13,181)	8,039
Cash outflow / (inflow) from decrease / increase in debt financing	32	228,028	(34,643)
<b>Change in net debt resulting from cash flows</b>	32	<b>214,847</b>	<b>(26,604)</b>
Non-cash movements	32	-	28,321
Effect of movement in exchange rates	32	425	(110)
Net debt at beginning of year	32	(1,036,643)	(1,038,250)
<b>Net debt at end of year</b>		<b>(821,371)</b>	<b>(1,036,643)</b>

# BALLYMORE PROPERTIES HOLDINGS LIMITED

## Company balance sheet for the year ended 31 March 2014

	Note	2014 £000	2013 £000
<b>Fixed assets</b>			
Financial assets	16	1	1
<b>Current assets</b>			
Debtors – due within one year	18	-	-
Cash at bank and in hand	19	1	1
<b>Total assets</b>		<u>2</u>	<u>2</u>
<b>Capital and reserves</b>			
Called up share capital	24	100	100
Profit and loss account	27	(107,426)	(109,709)
<b>Shareholders' deficit</b>	28	<u>(107,326)</u>	<u>(109,609)</u>
<b>Liabilities</b>			
Creditors – due within one year	20	107,328	109,611
<b>Total capital, reserves and liabilities</b>		<u>2</u>	<u>2</u>

These financial statements were approved by the board of directors on 21 July 2014 and were signed on its behalf by

Brian Fagan  
Director



Company registered number: 04910171

## **BALLYMORE PROPERTIES HOLDINGS LIMITED**

### **Notes to the financial statements for the year ended 31 March 2014**

#### **1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

##### **Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable accounting standards.

The financial statements are prepared in UK Sterling, which is the reporting currency of both the company and the group.

##### **Basis of consolidation**

The financial statements consolidate the accounts of Ballymore Properties Holdings Limited and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Profit and loss account.

The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Upon the acquisition of a business, fair values are attributed to the identifiable net assets acquired.

An associate is an undertaking in which the group has a long-term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the group has a long-term interest and over which it exercises joint control. The group's share of the profits less losses of associates and joint ventures is included in the consolidated profit and loss account and its interest in their net assets is included in investments in the consolidated balance sheet.

Where a group company is party to a joint arrangement that is not an entity, that company accounts directly for its share of the income and expenditure, assets, liabilities and cash flows of such arrangements. Such arrangements are reported in the consolidated financial statements on the same basis.

## BALLYMORE PROPERTIES HOLDINGS LIMITED

### Notes to the financial statements for the year ended 31 March 2014

#### 1. ACCOUNTING POLICIES (continued)

##### Tangible fixed assets and depreciation

###### Investment properties

Investment properties are stated on the basis of open market value as defined by the Royal Institution of Chartered Surveyors. Investment properties are valued annually by the directors. Surpluses and deficits on valuation are taken directly to the revaluation reserve except for permanent deficits or their reversal which, on an individual property basis, are taken to the profit and loss account.

Profits and losses on the sale of investment properties included in the profit and loss account are calculated as the difference between the net sales proceeds and the carrying value.

No depreciation or amortisation is provided against investment properties which may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. These properties are not, however, held for consumption, but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary, in the directors' opinion, for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Investment Properties include ground rents which have been capitalised at their open market value.

The valuation of ground rents depends on the future rental income stream from a freehold interest in the land.

###### Construction in progress

Construction in progress comprises investment properties currently being developed, stated at cost, less provision for impairment, where applicable. Cost includes interest which is capitalised from the date of commencement of the development until the development is complete. However, capitalisation of interest is suspended during extended periods in which active development is interrupted. Interest is calculated by reference to specific borrowings.

###### Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation. No depreciation is provided on freehold land.

The charge for depreciation is calculated using the straight line method at rates estimated to charge to the profit and loss account the cost of each asset less its residual value over its estimated useful life. The following rates have been applied:

Freehold buildings	-	2% per annum
Fixtures, fittings and equipment	-	5% - 33 1/3 % per annum
Computer equipment	-	50% per annum

## **BALLYMORE PROPERTIES HOLDINGS LIMITED**

### **Notes to the financial statements for the year ended 31 March 2014**

#### **1. ACCOUNTING POLICIES (continued)**

##### **Going concern**

The group's shareholders' deficit at 31 March 2014 amounted to £744 million. Notwithstanding this, the financial statements are prepared on the going concern basis, which the directors believe to be appropriate for the following reasons.

At 31 March 2014, the group had total debt of £832 million and a property portfolio (comprising stock and tangible fixed assets) with a carrying value of £460 million. The directors believe that there is significant further value within certain of its stock assets that is not recognised under the accounting conventions on which the balance sheet is prepared. However, attention is drawn to the uncertainties associated with the assessment of the carrying value of all property assets under current economic and market conditions.

The group's future performance in the markets in which it operates will be influenced by the macro-economic, financial, credit and property industry conditions, which are outside of the group's control.

The group's bank borrowings are provided by Irish, UK and European financial institutions. As reported in 2013, the Ballymore Properties group, of which this group is a member, historically submitted a detailed business plan to NAMA. Subsequently, the plan was approved and a Connection Management Agreement ("CMA") together with new loan facility agreements were signed in December 2012. These agreements, together with the business plan, set out the various conditions and key performance indicators that the group is required to achieve in order to ensure NAMA's continued support. The key assumptions underlying the directors' assessment of the going concern basis of preparation of the financial statements is that the group will meet the agreed cumulative targets.

The directors have carried out a detailed assessment of the group's business plan, the status of its funding arrangements and its relationships with key lenders, and considered the principal assumptions supporting the group's cashflow projections. The following represent the key assumptions underpinning the business plan and cashflow projections:

- The adherence to the terms and conditions set out in the CMA and associated facility agreements;
- The continued adherence to the terms set down in facility agreements of non-NAMA debt, (which represents approximately 7% of total debt of the Ballymore Properties group) including renewal of debt on similar terms where appropriate;
- The achievement of the financial targets, through disposals of non-core assets and through joint ventures;
- The continued provision by lenders of working capital and other development finance.

## **BALLYMORE PROPERTIES HOLDINGS LIMITED**

### **Notes to the financial statements for the year ended 31 March 2014**

#### **1. ACCOUNTING POLICIES (continued)**

##### **Going concern (continued)**

The directors of the company have considered the various matters set out above and have concluded that these assumptions are affected by material uncertainties that may cast significant doubt on the ability of the group and company to continue as going concerns and that they may therefore be unable to realise their assets and discharge their liabilities in the normal course of business. Nevertheless, having considered the assumptions underlying the group's cashflow projections and business plan together with the status of the group's agreements and relationship with its lenders, the directors of the group and company have a reasonable expectation that the group and company will have sufficient cash resources available to meet their liabilities for at least 12 months from the date of approval of these financial statements.

It is on this basis that the directors consider it appropriate to prepare the financial statements on a going concern basis. These financial statements do not include any adjustment that would result from the going concern basis of preparation being inappropriate.

##### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions or at a contracted rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange on the balance sheet date or the contracted rate and any gains or losses are included in the profit and loss account.

##### **Taxation**

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

##### **Leased assets**

###### **Operating leases**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

###### **Financial fixed assets**

Financial fixed assets are stated at cost less provisions for impairment in value. Income from financial fixed assets, together with any related tax cost, is recognised in the profit and loss account in the year in which it is received.

## **BALLYMORE PROPERTIES HOLDINGS LIMITED**

### **Notes to the financial statements for the year ended 31 March 2014**

#### **1. ACCOUNTING POLICIES (continued)**

##### **Stock**

##### **Development properties**

Development properties are properties acquired for future development and properties on which only initial development has commenced. These are stated at the lower of cost and net realisable value. Cost comprises purchase price, development costs and interest. Interest is capitalised from the date of commencement of the development until the development is complete but capitalisation of interest is suspended during extended periods in which active development is interrupted. Net realisable value is defined as the estimated sales proceeds from completed developments less all further costs to completion and selling costs as estimated by the directors.

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

Work in progress, which comprises properties currently being developed, is stated at the lower of cost and net realisable value. Cost includes interest which is capitalised from the date of commencement of the development until the development is complete. However, capitalisation of interest is suspended during extended periods in which active development is interrupted. Interest is calculated by reference to specific borrowings.

Work in progress represents costs incurred, net of amounts transferred to cost of sales, less foreseeable losses.

Profits on developments are not recognised until properties are structurally complete and legally transferred to the purchaser.

##### **Properties held for resale**

Properties held for resale, on which no further development is anticipated, are stated at the lower of cost and net realisable value. Net realisable value is defined as the estimated sales proceeds less all further costs to completion and selling costs as estimated by the directors.

##### **Interest bearing borrowings**

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

##### **Interest payable**

Interest payable, which has not been capitalised, is charged to the profit and loss account in the financial year in which it is incurred.

##### **Turnover**

Turnover, which is stated net of VAT, represents the net value of development and residential sales contracts completed together with construction income, rental income, and project management fees recognised on an accruals basis.

##### **Cash**

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. It does not include amounts held in escrow.

# BALLYMORE PROPERTIES HOLDINGS LIMITED

## Notes to the financial statements for the year ended 31 March 2014

### 1. ACCOUNTING POLICIES (continued)

#### Sales deposits

Deposits received from contracted purchasers, where legal completion of the sale has not yet occurred, are recognised as deferred income in the balance sheet. This income is transferred to the profit and loss account on the date of legal transfer of ownership. Deposits paid by contracted purchasers, which are held in a solicitor's client account until legal transfer of ownership occurs, are included within debtors on the balance sheet. Forfeited deposits are included in other income in the period in which the related contracts have been rescinded.

### 2. TURNOVER

	2014 £000	2013 £000
Turnover is analysed as follows:-		
Sale of properties and construction income	213,121	122,315
Rental income and management fees	9,346	9,724
	<u>222,467</u>	<u>132,039</u>

All turnover is generated in the United Kingdom.

### 3. OTHER INCOME

	2014 £000	2013 £000
Other income	<u>877</u>	<u>7,492</u>

Other income in the prior year included the release of a finance charge accrual that was no longer payable and forfeited deposits. Forfeited deposits are those paid in relation to contracts that have been rescinded as purchasers have not moved on to legal completion.

### 4. LOSS ON BUY OUT OF MINORITY INTEREST IN SUBSIDIARY

During the year the group acquired a further 25% of the share capital of Vitely Limited, bringing the group's interest in this subsidiary up to 100%.

### 5. LOSS ON BUY-OUT OF JOINT ARRANGEMENT

During the prior year, the group acquired a further 5% interest in the M2 co-ownership joint arrangement, bringing the group's interest up to 100%. This resulted in a loss of £1.1 million, but brought complete control of the co-ownership assets to the group.

# **BALLYMORE PROPERTIES HOLDINGS LIMITED**

## **Notes to the financial statements for the year ended 31 March 2014**

### **6. GROUP INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Deposit interest	1,245	897
Settlement gain on debt to equity conversion	-	2,393
Interest on loans to joint ventures:		
-West Hampstead Square LLP	246	-
-Bishopsgate Goodsynd Regeneration Limited	409	453
-Central Regeneration Limited Partnership	51	55
-Renshaw Regeneration LLP	4	3
-Downriver Properties Limited	73	67
	<u>2,028</u>	<u>3,868</u>

During the prior year, the financing arrangements of one of the group's subsidiaries were agreed with that company's bankers. This resulted in bank debt of £9.9 million being swapped for 7.5 million preferred shares of £1 each in the subsidiary company. In accordance with UITF Abstract 47, Extinguishing Financial Liabilities with Equity Instruments, the difference between the fair value of the equity instruments issued and the carrying value of the liability extinguished was recognised in the profit and loss account.

### **7. GROUP INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
On loans wholly repayable other than by instalments within five years	85,782	39,842
Less: capitalised interest included in stocks/fixed assets under construction	(18,973)	(10,467)
	<u>66,809</u>	<u>29,375</u>

During the prior year, the group finalised the reorganisation of a number of its borrowing arrangements with NAMA. As a result of the restructure of interest bearing debt owed by the group, the group received an interest credit on these restructured loan facilities. This interest credit did not result in any cash gain to the group.

### **8. INVESTMENT INCOME**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Income from financial assets	95	159

Income from financial assets comprises dividends receivable on preference shares held in Donwell Investments Limited (Note 34). The dividend coupon on these shares is LIBOR plus 2%.

# **BALLYMORE PROPERTIES HOLDINGS LIMITED**

## **Notes to the financial statements for the year ended 31 March 2014**

### **9. STATUTORY AND OTHER INFORMATION**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible assets - owned	201	228
Impairment of / (reversal of impairment) of tangible assets - owned	215	(703)
Directors' remuneration (Note 10)	450	450
Profit on disposal of fixed assets	(46,737)	(7,127)
Auditor's remuneration		
- audit fees	204	255
- tax compliance and advisory fees	327	414
	<u>          </u>	<u>          </u>

### **10. DIRECTORS' REMUNERATION**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Directors' remuneration		
	450	450
Total emoluments	<u>          </u>	<u>          </u>
	160	160
Emoluments of the highest paid director	<u>          </u>	<u>          </u>

### **11. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
(a) Analysis of (credit) / charge for the year		
UK corporation tax		
Current tax on income for the year	-	-
Adjustment in respect of prior years	-	(90)
Total current tax	<u>          </u>	<u>          </u>
	-	(90)
Deferred taxation		
Adjustment in respect of previous years	-	-
Total deferred tax charge	<u>          </u>	<u>          </u>
	-	-
Tax (credit) / charge on profit on ordinary activities	<u>          </u>	<u>          </u>
	-	(90)

# BALLYMORE PROPERTIES HOLDINGS LIMITED

## Notes to the financial statements for the year ended 31 March 2014

### 11. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

#### b) Factors affecting current tax for the year

The current tax for the year differs from the standard rate of corporation tax. The differences are explained below:

	2014 £000	2013 £000
Current tax reconciliation		
Profit on ordinary activities before tax	59,097	4,301
Current Tax at 23% (2013: 24%)	13,592	1,032
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,752	(2,727)
Capital allowances for year in excess of depreciation	24	55
Net gain on disposals	-	(6,148)
Other timing differences leading to an increase (decrease) in taxation	891	(3,012)
Unrelieved tax losses carried forward	14,122	14,277
Utilisation of tax losses	(33,588)	(5,403)
Group relief	-	1,824
Capital gains (losses)	11,805	-
Book profit on chargeable assets	(12,644)	-
Transfer pricing adjustments	46	102
Adjustments to tax charge in respect of prior periods	-	(90)
Total current tax (credit)/charge	-	(90)

At 31 March 2014 there are unrecognised deferred tax assets of £92.9 million (2013: £141.2 million) in respect of unutilised tax losses.

Unprovided deferred tax liabilities are as follows:

	2014 £000	2013 £000
On revaluation of investment properties (Note 13)	-	1,401

#### (c) Factors expected to affect the tax charge in future periods

Under Finance Act 2012, the main rate of UK corporation tax was reduced from 24% directly to 23% with effect from 1 April 2013. Further reductions to 21% effective from 1 April 2014 and 20% effective from 1 April 2015 were substantively enacted in July 2013. It is expected that this graduated fall in the main corporation tax rate will result in a reduction of the group's future tax charge.

# **BALLYMORE PROPERTIES HOLDINGS LIMITED**

## **Notes to the financial statements for the year ended 31 March 2014**

### **12. STAFF NUMBERS AND COSTS**

	<b>2014</b>	<b>2013</b>
<b>Group</b>		
Development management	<b>56</b>	<b>38</b>
Planning and operations	<b>6</b>	<b>6</b>
Estates management	<b>23</b>	<b>26</b>
Finance	<b>17</b>	<b>16</b>
Sales and marketing	<b>14</b>	<b>19</b>
Other	<b>28</b>	<b>37</b>
	<b>144</b>	<b>142</b>

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>The aggregate payroll costs of employees were:</b>		
Wages and salaries	<b>9,836</b>	<b>8,890</b>
Social security costs	<b>1,193</b>	<b>1,130</b>
	<b>11,029</b>	<b>10,020</b>

#### **Company**

The company has no employees (2013: none).

**BALLYMORE PROPERTIES HOLDINGS LIMITED**

**Notes to the financial statements  
for the year ended 31 March 2014**

**13. TANGIBLE FIXED ASSETS**

	Freehold investment properties £000	Constructio n in progress £000	Freehold land and buildings £000	Equipment fixtures and fittings £000	Total £000
<b>Group</b>					
<b>Cost / valuation</b>					
At beginning of year	60,613	1,000	5,412	2,428	69,453
Reduction in previously accrued capitalised cost	(26)	-	-	-	(26)
Additions	-	215	-	4	219
Transfers from stocks	10,006	-	-	-	10,006
Revaluation (Note 25)	26	-	-	-	26
Impairment - profit and loss account	-	(215)	-	-	(215)
Disposals	(56,950)	-	-	(204)	(57,154)
<b>At end of year</b>	<b>13,669</b>	<b>1,000</b>	<b>5,412</b>	<b>2,228</b>	<b>22,309</b>
<b>Cost</b>	<b>-</b>	<b>-</b>	<b>5,412</b>	<b>2,228</b>	<b>7,640</b>
<b>Valuation</b>	<b>13,669</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>14,669</b>
	<b>13,669</b>	<b>1,000</b>	<b>5,412</b>	<b>2,228</b>	<b>22,309</b>
<b>Depreciation</b>					
At beginning of year	-	-	1,384	2,331	3,715
Charge for year	-	-	101	100	201
Disposals	-	-	-	(204)	(204)
<b>At end of year</b>	<b>-</b>	<b>-</b>	<b>1,485</b>	<b>2,227</b>	<b>3,712</b>
<b>Net book value at end of year</b>	<b>13,669</b>	<b>1,000</b>	<b>3,927</b>	<b>1</b>	<b>18,597</b>
<b>At beginning of year</b>	<b>60,613</b>	<b>1,000</b>	<b>4,028</b>	<b>97</b>	<b>65,738</b>

The investment properties were valued by the directors on an open market basis at £13,669,000 on 31 March 2014.

The historical cost of the group's investment properties was £13,075,000 (2013: £41,862,000).

The estimated amount of tax payable in respect of chargeable gains which would become payable under current legislation in the event of a future sale of the properties at the amounts at which they are stated in the financial statements is £nil (2013: £1,401,000) (Note 11b).

The carrying value of freehold investment properties has been adjusted at 31 March 2014 to reverse capital accruals recorded in prior years that are no longer required.

The investment properties include land interests generating ground rents which were previously classified in stocks. These were valued by the directors on an open market basis at 31 March 2014 at £10,006,000 and transferred to investment properties.

# BALLYMORE PROPERTIES HOLDINGS LIMITED

## Notes to the financial statements for the year ended 31 March 2014

### 14. INVESTMENT IN JOINT VENTURES

	2014 £000	2013 £000
<b>Group</b>		
Balance at beginning of the year	-	-
Additions (e)	-	-
	<hr/>	<hr/>
Balance at end of year	-	-
	<hr/>	<hr/>

- (a) The group owns 1 ordinary share of £0.50 in Bishopsgate Goodsynd Regeneration Limited, a property development company, which represents 50% of the issued share capital at 31 March 2014. The group's joint venture partner, Hammerson plc, holds the remaining 50% of the equity share capital.
- (b) The group holds a 50% interest in Central Regeneration Limited Partnership, a property development entity. The group's joint venture partner, Merepark, holds the remaining 50% of the equity share capital and is acting as project manager on the development.
- (c) The group owns 200 ordinary B shares of £1 in Downriver Properties Limited, a property development company, which represents 40% of the issued share capital at 31 March 2014.
- (d) The group holds a 50% interest in Renshaw Regeneration Limited Liability Partnership, a property development entity.
- (e) During the period the group acquired a 50% interest in West Hampstead Square LLP, whose business is property development and whose registered office is St John's House, 5 South Parade, Summertown, Oxford, OX2 7JL.

The investment in joint ventures comprises:

	Share of net (liabilities) £000
At beginning of year	(7,320)
Share of operating loss	(17,607)
Share of interest payable and similar charges	(1,304)
Share of interest receivable and similar income	1
Elimination of group's share of profits arising on sale of land to joint ventures	(2,026)
	<hr/>
At end of year	(28,256)
	<hr/>

As the investment plus group's share of losses in some of the joint ventures amounts to a negative figure, these amounts have been included in provisions for liabilities on the balance sheet of £28,256,000 (2013:£7,320,000).

# BALLYMORE PROPERTIES HOLDINGS LIMITED

## Notes to the financial statements for the year ended 31 March 2014

### 15. INVESTMENT IN ASSOCIATE

	2014 £000	2013 £000
Investment in associate	-	-

The investment in associate comprises 300 ordinary shares of £1 each in Ballymore (London Arena) Limited, representing 27.5% of issued share capital.

The group's share of net liabilities of the associate comprises:

	Investment in associate £000	Share of loss £000	Total £000
At beginning of year	(17,777)	(6,547)	(24,324)
Share of operating loss for year	-	(17)	(17)
Share of interest receivable and similar income	-	4	4
At end of year	(17,777)	(6,560)	(24,337)

As the combined cost of investment in associate plus the group's share of losses in the associate amount to a negative figure, the amount has been included in provisions for liabilities in the balance sheet.

### 16. FINANCIAL FIXED ASSETS

	2014 £000	2013 £000
Group	-	5,262
At the beginning and end of the year	-	5,262

Group financial fixed assets at 31 March 2013 comprised £5,262,298 LIBOR plus 2.0% Cumulative Redeemable Preference Shares of £1 each in Donwell Investments Limited, an investment and property development company with its registered office at Russell Square Centre Unit 5, Fortunestown Way, Dublin 24, Ireland.

The shares were redeemed during the year for £5,262,298. The group no longer has an interest in Donwell Investments Limited.

	2014 £000	2013 £000
Company		
Investments in subsidiary undertakings		
Cost	154,600	154,600
Provision for impairment	(154,599)	(154,599)
At end of year	1	1

Details of subsidiary undertakings are given in Note 35.

# BALLYMORE PROPERTIES HOLDINGS LIMITED

## Notes to the financial statements for the year ended 31 March 2014

### 17. STOCK

	2014 £000	2013 £000
<b>Group</b>		
Development Properties	67,687	119,985
Work in progress	365,220	249,266
Properties held for resale	8,182	37,759
	<u>441,089</u>	<u>407,010</u>

The amount at which stock is stated (before impairment provision) includes capitalised interest of £103,796,536 (2013: £96,059,966).

Each year the directors review the carrying value of the group's stock in the context of current market conditions, and, where necessary, restate these assets at the lower of cost and net realisable value. In determining the realisable value, the directors appraise the eventual financial outcome on each stock item. They consider the various risks associated with development, including planning risk, construction risk and finance risk. They also examine the prudence of the assumptions underlying an appraisal including the timeline to complete, future attributable costs to complete (including planning, construction, marketing and financial costs, where appropriate), the availability of finance, and the eventual proceeds the group can expect to receive from the sale of the stock. On this basis, during the current year the directors increased the provision against the carrying value of the group's stock by £0.1 million (2013: reduction in provision of £4 million).

Net realisable value includes significant estimates concerning the timing and quantum of developments, estimated realisable values for developed properties and the cost of construction. The underlying assumptions used in the estimates may be impacted by matters such as: the state of the general economy, the state of the UK and global property market, the availability of mortgage financing, the timing of future sales, and the costs of completing the build programme, which in turn may be impacted by UK and global raw material costs and inflation rates.

During the year land interests generating ground rents were transferred to investment properties (Note 13).

# BALLYMORE PROPERTIES HOLDINGS LIMITED

## Notes to the financial statements for the year ended 31 March 2014

### 18. DEBTORS

	2014 £000	2013 £000
<b>Group</b>		
Amounts falling due within one year		
Trade debtors	998	8,794
Amounts due from group undertakings (a)	-	13,653
Amounts due from related parties (b)	44,503	28,870
Other debtors	84,565	62,184
VAT and other taxes	264	3,416
Deferred tax asset (c)	-	-
Prepayments and accrued income	141	2,711
	<u>130,471</u>	<u>119,628</u>

(a) The amount of receivables due from group undertakings is £1 (2013: £13.7 million) stated net of provisions. At 31 March 2014 the gross amount receivable from group undertakings was £47.5 million (2013: £61.6 million). Provisions have been made to reflect impairments arising from falls in the underlying asset value of the debtor group companies. At 31 March 2014 provisions totalling £47.5 million (2013: £47.9 million) have been made against such receivables.

	2014 £000	2013 £000
<b>(b) Amounts due from related parties</b>		
Ballymore International Developments Limited	534	1,720
Ballymore (London Arena) Limited (due after one year)	73,441	73,328
Bishopsgate Goodsynd Regeneration Limited	29,378	26,275
Hammerson Investments (No. 23) Limited	39	105
Central Regeneration Limited Partnership	4,716	4,615
Donwell Investments Limited	-	1,303
Downriver Properties Limited	859	786
Markland Holdings Limited	2,689	-
Millharbour 2 LLP	805	805
Renshaw Regeneration LLP	151	147
RQB (Isle of Man) Limited	9,708	8,959
Thames Royal Docklands	1,370	231
West Hampstead Square LLP	12,305	-
Provisions against receivables from related parties	(91,492)	(89,404)
	<u>44,503</u>	<u>28,870</u>

	2014 £000	2013 £000
<b>c) Deferred tax asset</b>		
At beginning of year	-	-
Charged to profit and loss account during the year	-	-
<b>At end of year</b>	<u>-</u>	<u>-</u>

# **BALLYMORE PROPERTIES HOLDINGS LIMITED**

## **Notes to the financial statements for the year ended 31 March 2014**

### **18. DEBTORS (CONTINUED)**

	<b>2014 £000</b>	<b>2013 £000</b>
<b>Company</b>		
Amounts falling due within one year		
Amounts due from group undertakings	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The amount of receivables due from group undertakings is £1 (2013: £1) stated net of provisions. At 31 March 2014 the gross amount receivable from group undertakings was £107,306,929 (2013: £109,592,327). Provisions have been made to reflect impairments arising from falls in the underlying asset value of the debtor group companies. At 31 March 2014 provisions totalling £107,306,928 (2013: £109,592,326) have been made against such receivables (of which £2,285,398 (2013: provision £1,350,042) was released in the current financial year).

### **19. CASH AT BANK AND IN HAND**

	<b>2014 £000</b>	<b>2013 £000</b>
<b>Group</b>		
Cash at bank and in hand	<b>10,674</b>	<b>23,855</b>
Restricted cash balances	<b>2,450</b>	<b>2,464</b>
	<u><b>13,124</b></u>	<u><b>26,319</b></u>

Restricted cash represents cash received from purchasers held on deposit as agent.

	<b>2014 £000</b>	<b>2013 £000</b>
<b>Company</b>		
Cash at bank and in hand	<b>1</b>	<b>1</b>
	<u><b>1</b></u>	<u><b>1</b></u>

# **BALLYMORE PROPERTIES HOLDINGS LIMITED**

## **Notes to the financial statements for the year ended 31 March 2014**

### **20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014 £000	2013 £000
<b>Group</b>		
Bank/NAMA loans and overdrafts (Note 22)	519,259	650,404
Trade creditors	4,485	5,652
Amounts owed to group undertakings	156,271	171,249
Amounts owed to related parties (a)	2,758	1,809
Other creditors	1,308	9,029
Taxation and social welfare	3,216	1,085
Accruals and deferred income	204,400	105,619
	<u>891,697</u>	<u>944,847</u>
 (a) Amounts owed to related parties		
RQB (Isle of Man) Limited	2,391	1,217
S. Mulryan	367	367
Ballymore (London Arena) Limited	-	225
	<u>2,758</u>	<u>1,809</u>
 <b>Company</b>		
Amounts owed to group undertakings	107,328	109,611
	<u>107,328</u>	<u>109,611</u>

### **21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2014 £000	2013 £000
<b>Group</b>		
Bank / NAMA loans and overdrafts (Note 22)	312,786	410,094
Amounts owed to group undertakings	12,459	-
Deferred consideration	700	7,450
Accruals and deferred income	69,793	24,569
	<u>395,738</u>	<u>442,113</u>

# BALLYMORE PROPERTIES HOLDINGS LIMITED

## Notes to the financial statements for the year ended 31 March 2014

### 22. BANK / NAMA BORROWINGS

	Within one year £000	Between one and two years £000	Between two and five years £000	Total £000
<b>Group</b>				
Repayable other than by instalments				
Bank / NAMA loans	519,259	7,073	305,713	832,045
	<u>519,259</u>	<u>7,073</u>	<u>305,713</u>	<u>832,045</u>

The bank / NAMA loans are secured by fixed and floating charges over the assets of group undertakings and cross guarantees by certain group undertakings.

### 23. PROVISION FOR LIABILITIES

	2014 £000	2013 £000
Provision for investments in joint ventures (Note 14)	28,256	7,320
Provisions for investments in associate (Note 15)	24,337	24,324
	<u>52,593</u>	<u>31,644</u>

### 24. CALLED UP SHARE CAPITAL

	2014 £000	2013 £000
<b>Group and company</b>		
Authorised:		
100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 25. REVALUATION RESERVE

	2014 £000	2013 £000
<b>Group</b>		
At beginning of year	18,751	28,000
Unrealised surplus / (deficit) on revaluation of investment properties	26	(364)
Revaluation surplus realised on the disposal of investment properties transferred to the profit and loss account	(18,183)	(8,885)
<b>At end of year</b>	<u>594</u>	<u>18,751</u>

# BALLYMORE PROPERTIES HOLDINGS LIMITED

## Notes to the financial statements for the year ended 31 March 2014

### 26. OTHER RESERVES

	Merger reserve £000	Other capital reserves £000	Total £000
<b>Group</b>			
At beginning and end of year	<u>(154,500)</u>	<u>100</u>	<u>(154,400)</u>

The merger reserve and other capital reserves arise from a group reorganisation which took place in October 2003.

### 27. RECONCILIATION OF PROFIT AND LOSS ACCOUNT RESERVE

	2014 £000	2013 £000
<b>Group</b>		
At beginning of year	(667,821)	(685,030)
Profit for the financial year	59,097	5,362
Revaluation surplus realised on disposal of investment property transferred from revaluation reserve	18,183	11,847
At end of year	<u>(590,541)</u>	<u>(667,821)</u>

The company's profit for the financial year amounted to £2,283,000 (2013: loss £1,352,000). This is after releasing a provision against intercompany receivables of £2,285,398 (2013: provision £1,350,042).

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

### 28. RECONCILIATION OF SHAREHOLDERS' DEFICIT

	2014 £000	2013 £000
<b>Group</b>		
At beginning of year	(803,370)	(811,330)
Total recognised gains and losses for the year	59,123	4,998
Minority interest share of realised surplus on disposal of investment property	-	2,962
At end of year	<u>(744,247)</u>	<u>(803,370)</u>
<b>Company</b>		
At beginning of year	(109,609)	(108,257)
Total recognised gains and losses for the year	2,283	(1,352)
At end of year	<u>(107,326)</u>	<u>(109,609)</u>

# **BALLYMORE PROPERTIES HOLDINGS LIMITED**

## **Notes to the financial statements for the year ended 31 March 2014**

### **29. MINORITY INTEREST**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	<b>8,723</b>	<b>5,156</b>
Share of loss	<b>-</b>	<b>(971)</b>
Share of realised revaluation surplus on disposal of investment property	<b>-</b>	<b>(2,962)</b>
Arising on debt for equity swap	<b>-</b>	<b>7,500</b>
Buy-out of minority interest	<b>(1,223)</b>	<b>-</b>
	<hr/>	<hr/>
At end of year	<b>7,500</b>	<b>8,723</b>
	<hr/>	<hr/>

During the prior year the financing arrangements of one of the group's subsidiaries were agreed with that company's bankers. This resulted in bank debt being swapped for 7.5 million preferred shares of £1 each in the subsidiary company. These preferred shares do not have voting rights but carry an entitlement to receive profits up to £7.5 million in preference to ordinary shareholders and then £0.10 for every £0.90 distributed to the ordinary shareholders.

### **30. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Group operating profit	<b>99,094</b>	<b>27,033</b>
Depreciation charge	<b>201</b>	<b>228</b>
Impairment / (reversal of impairment) of tangible assets	<b>215</b>	<b>(703)</b>
Impairment of stock	<b>52</b>	<b>2,704</b>
Other non-cash items included in group operating profit - primarily impairment of receivables	<b>7,793</b>	<b>(7,484)</b>
Increase in stock	<b>(25,164)</b>	<b>(75,258)</b>
Increase in debtors	<b>(28,207)</b>	<b>(33,131)</b>
Increase in creditors	<b>87,278</b>	<b>39,881</b>
	<hr/>	<hr/>
Net cash inflow / (outflow) from operating activities	<b>141,262</b>	<b>(46,730)</b>
	<hr/>	<hr/>

# **BALLYMORE PROPERTIES HOLDINGS LIMITED**

## **Notes to the financial statements for the year ended 31 March 2014**

### **31. ANALYSIS OF CASHFLOWS FOR HEADINGS NETTED IN THE CASHFLOW STATEMENT**

	2014 £000	2013 £000
<b>Returns on investments and servicing of finance</b>		
Interest and similar income received	2,789	3,878
Interest and similar charges paid	(25,362)	(44,522)
	<u>(22,573)</u>	<u>(40,644)</u>
<b>Net cash outflow from returns on investment and servicing of finance</b>		
<b>Capital expenditure and financial investment</b>		
Purchase of tangible assets	(219)	(475)
Disposal of tangible assets	103,687	62,567
Redemption of investment	5,262	-
	<u>108,730</u>	<u>62,092</u>
<b>Net cash inflow from capital expenditure and financial investment</b>		
<b>Acquisitions and disposals</b>		
Buy-out of minority interest	(12,586)	(1,114)
	<u>(12,586)</u>	<u>(1,114)</u>
<b>Net cash outflow from acquisitions and disposals</b>		
<b>Financing</b>		
Increase in borrowings	72,372	176,665
Repayment of borrowings	(300,400)	(142,022)
	<u>(228,028)</u>	<u>34,643</u>
<b>Net cash (outflow) / inflow from financing</b>		
<b>Management of liquid resources</b>		
Net cash inflow / (outflow) from release of restricted funds	<u>14</u>	<u>(208)</u>

# BALLYMORE PROPERTIES HOLDINGS LIMITED

## Notes to the financial statements for the year ended 31 March 2014

### 32. ANALYSIS OF NET DEBT

	As at 31 March 2013	Cashflow	Other non- cash changes	As at 31 March 2014
	£000	£000	£000	£000
Cash at bank and in hand	23,855	(13,181)	-	10,674
Bank overdraft	-	-	-	-
	<u>23,855</u>	<u>(13,181)</u>	<u>-</u>	<u>10,674</u>
Bank / NAMA loans due within one year	(650,404)	167,960	(36,815)	(519,259)
Bank / NAMA loans due after one year	(410,094)	60,068	37,240	(312,786)
	<u>(1,060,498)</u>	<u>228,028</u>	<u>425</u>	<u>(832,045)</u>
Debt				
	<u>(1,060,498)</u>	<u>228,028</u>	<u>425</u>	<u>(832,045)</u>
Net debt	<u>(1,036,643)</u>	<u>214,847</u>	<u>425</u>	<u>(821,371)</u>

Other non-cash changes include the effect of the movement of bank loans between classifications.

Cash at bank and in hand represents non restricted cash only (Note 19).

### 33. COMMITMENTS AND CONTINGENCIES

There are ongoing commitments under operating leases for the hire of plant and equipment. Such commitments rarely exceed one month.

The company has issued performance undertakings in the normal course of business in respect of the activities of its subsidiaries.

The company has guaranteed the indebtedness of group companies to NAMA. The indebtedness is secured by charges on the assets of the various group companies. NAMA has fixed and floating charges and cross guarantees over all of the group assets except those already charged to other financial institutions.

Additional amounts may become payable to property vendors in the event that specified density or sales targets are exceeded or other development-related events occur. The group may also incur contingent finance costs calculated by reference to the profits earned on the successful development of some of the group's properties.

Additional sales proceeds may become receivable in relation to property sold in recent years depending on the successful outcome of certain planning permission applications. As it is not virtually certain that an inflow of economic benefits will arise, no related amount has been recognised in the financial statements.

## BALLYMORE PROPERTIES HOLDINGS LIMITED

### Notes to the financial statements for the year ended 31 March 2014

#### 34. RELATED PARTIES AND CONTROL

The company's immediate parent company is Ballymore Holdings & Investments Limited, a company incorporated in Jersey. The company's ultimate parent is Ballymore Properties, a company incorporated in the Republic of Ireland. The company was controlled by Mr S Mulryan throughout the year.

The smallest group in which the results of the company and its subsidiary undertakings are consolidated is that headed by Ballymore Properties Holdings & Investments Limited. The largest group in which the results of the company and its subsidiary undertakings are consolidated is that headed by Ballymore Properties.

The company has availed of the exemption available in Financial Reporting Standard No 8 Related Party Disclosures from disclosing transactions and balances with Ballymore Properties and its subsidiary companies.

To the extent not disclosed elsewhere in these financial statements, details of related party transactions and balances are set out below:

	2014 £000	2013 £000
Goods and services supplied on normal trading terms to:		
- Ballymore (London Arena) Limited	359	6,734
- Thames Royal Docklands	690	7
- West Hampstead Square LLP	13,162	-

Vitely Limited, a 100% subsidiary of the group (2013: 75%), held 5,262,298 LIBOR plus 2.0% Cumulative Redeemable Preference Shares of £1 each in Donwell Investments Limited, a company which is under the control of the estate of the late Mr. Paddy Kelly, a former director of Vitely Limited. Dividend income during the year in respect of this investment amounted to £94,777 (Note 8) (2013: £159,218). The shares were redeemed during the year and all dividend income outstanding was received by the group.

Mr. S. Mulryan has guaranteed the indebtedness of group companies to certain financial institutions.

# **BALLYMORE PROPERTIES HOLDINGS LIMITED**

## **Notes to the financial statements for the year ended 31 March 2014**

### **35. SUBSIDIARY UNDERTAKINGS AND OTHER UNDERTAKINGS**

#### **(a) Subsidiary undertakings**

	Proportion held by company	Proportion held by subsidiary	Activity
Ballymore Limited	100 %	-	Investment holding
Osborne Trading Limited	100 %	-	Non-trading
Zelah Limited	100 %	-	Non-trading
Arrowhead Commercial Limited	-	100 %	Property development
Ballymore Asset Management Limited	-	100 %	Property services
Ballymore (Battersea) Limited	-	100 %	Dormant
Ballymore (Battersea Park Road) Limited	-	100 %	Property operations
Ballymore (Bow Paper) Limited	-	100 %	Property development
Ballymore (Carmen Street) Limited	-	100 %	Property development
Ballymore Colmore Row Limited	-	100 %	Property Investment
Ballymore Cornwall Street Limited	-	100 %	Dormant
Ballymore Developments Limited	-	100 %	Investment holding
Ballymore Development Management Services Limited	-	100 %	Management services
Ballymore Fulham Limited	-	100 %	Dormant
Ballymore (Hayes) Limited	-	100 %	Property development
Ballymore Investments Limited	-	100 %	Investment holding
Ballymore Limeharbour Limited	-	100 %	Dormant
Ballymore Millharbour Limited	-	100 %	Property development
Ballymore Ontario Limited	-	100 %	Property development and investment
Ballymore Properties Limited	-	100 %	Property development and investment
Ballymore Properties Management Limited	-	100 %	Property investment
Ballymore Properties (Plumbers Row) Limited	-	100 %	Dormant
Ballymore Properties (Thames Royal) Limited	-	100 %	Property development
Ballymore Snow Hill (Hotel) Limited	-	100 %	Dormant
Ballymore (Wapping) Limited	-	100 %	Property development
Blazecourt Limited	-	100 %	Dormant
Boldbury Limited	-	100 %	Property investment
Broadnote Limited	-	100 %	Non-trading
Clearstorm Limited	-	100 %	Property development
Cuba Street Limited	-	100 %	Property development
Domaine Developments Limited	-	100 %	Property development
East London Haulage Limited	-	100 %	Property development
Glossover Limited	-	100 %	Dormant

# BALLYMORE PROPERTIES HOLDINGS LIMITED

## Notes to the financial statements for the year ended 31 March 2014

### 35. SUBSIDIARY UNDERTAKINGS AND OTHER UNDERTAKINGS (CONTINUED)

#### (a) Subsidiary undertakings (continued)

	Proportion held by company	Proportion held by subsidiary	Activity
Kilopoint Limited	-	100 %	Property investment
Landor 2 Limited	-	100 %	Dormant
Landor (Dundee Wharf) Limited	-	100 %	Property development and investment
Landor Residential Limited	-	100 %	Property development
Milltop Limited	-	100 %	Property development
Monomind Limited	-	100 %	Property investment
Pridebank Limited	-	100 %	Property development
Property Company 2007 Limited	-	100 %	Dormant
RT Group Developments (Snow Hill) Limited	-	100 %	Property development
St. John's Square Co. Limited	-	100 %	Dormant
Vitely Limited	-	100 %	Property investment
WHS Developments Limited	-	100 %	Investment holding

All companies other than as set out below operate in the United Kingdom and are incorporated in the United Kingdom having their registered offices at St. John's House, 5 South Parade, Summertown, Oxford OX2 7JL.

Osborne Trading Limited and Zelah Limited are incorporated in the Isle of Man. Their registered offices are at 12-15 Finch Road, Douglas, Isle of Man.

All shareholdings in subsidiary undertakings consist of ordinary shares.

#### (b) Joint ventures

	Proportion held by company	Proportion held by subsidiary	Activity
Bishopsgate Goodsyrd Regeneration Limited	-	50 %	Property development
Central Regeneration Limited Partnership	-	50 %	Property development
Renshaw Regeneration LLP	-	50 %	Property development
Downriver Properties Limited	-	40 %	Property development
West Hampstead Square LLP	-	50 %	Property development

The registered office of Bishopsgate Goodsyrd Regeneration Limited is 10 Grosvenor Street, London W1K 4BJ.

The registered office of Central Regeneration Limited Partnership is Market Court, Garden Lane, Altrincham, Cheshire WA14 4DW.

The registered office of Renshaw Regeneration LLP is Market Court, Garden Lane, Altrincham, Cheshire WA14 4DW.

The registered office of Downriver Properties Limited is 66 Chiltern Street, London W1U 4JT.

The registered office of West Hampstead Square LLP is St John's House, 5 South Parade, Summertown, Oxford, OX2 7JL.

## BALLYMORE PROPERTIES HOLDINGS LIMITED

### Notes to the financial statements for the year ended 31 March 2014

#### 35. SUBSIDIARY UNDERTAKINGS AND OTHER UNDERTAKINGS (CONTINUED)

##### (c) Joint arrangements

	Proportion held by company	Proportion held by subsidiary	Activity
Millharbour LLP	-	33.33 %	Property development
Millharbour 2 LLP	-	33.33 %	Property development
Thames Royal Docklands	-	50 %	Property development

The trading address of Millharbour LLP and Millharbour 2 LLP is 3rd Floor Sterling House, Langston Road, Loughton, Essex IG10 3TS.

The trading address of the Thames Royal Docklands co-ownership is Pointe North, 3 Greenwich View Place, London E14 9NN.

Where a group undertaking is party to a joint arrangement, which is not an entity, the group accounts directly for its part of the income, expenditure, assets, liabilities, and cash flows.

##### (d) Associates

	Proportion held by company	Proportion held by subsidiary	Activity
Ballymore (London Arena) Limited	-	27.50 %	Property development

The trading address of Ballymore (London Arena) Limited is Pointe North, 3 Greenwich View Place, London E14 9NN.

#### 36. COMPARATIVE INFORMATION

Certain reclassifications have been made to prior year comparatives to conform to current year presentation.

#### 37. POST BALANCE SHEET EVENTS

There are no significant post balance sheet events which would materially affect the financial statements.