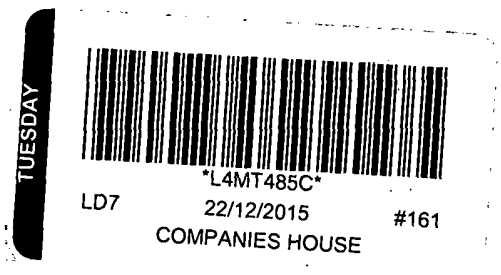


Registered number: 04910171

**BALLYMORE PROPERTIES HOLDINGS LIMITED
AND SUBSIDIARIES**

Directors' report and financial statements

for the year ended 31 March 2015



BALLYMORE PROPERTIES HOLDINGS LIMITED

Contents

	Page
Company information page	1
Group strategic report	2 - 4
Directors' report	5 - 6
Independent auditor's report	7 - 8
Consolidated financial statements	9 - 12
Company balance sheet	13
Notes to the financial statements	14-39

BALLYMORE PROPERTIES HOLDINGS LIMITED

Company Information

DIRECTORS	Sean Mulryan Brian Fagan (resigned 31 October 2014) David Pearson John Mulryan
COMPANY SECRETARY	D. Pearson
REGISTERED NUMBER	04910171
REGISTERED OFFICE	St John's House 5 South Parade Summertown Oxford OX2 7JL
INDEPENDENT AUDITOR	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2 Ireland
FINANCE PROVIDERS	Allied Irish Bank (GB) London Allied Irish Bank Dublin Bank of Ireland Dublin Barclays Bank London
SOLICITORS	Howard Kennedy Fsi No. 1 London Bridge London SE1 9BG 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 2015

INTRODUCTION

The directors present their strategic report for the year ended 31 March 2015.

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, continues to perform well. The recent UK General Election has provided further certainty and political stability in the market. As a major global city, demand in the London housing market remains strong and as a result, London remains an attractive investment opportunity for overseas investors.

RESULTS AND PERFORMANCE

The profit for the year was £154.9m (2014 profit: £59.1 million). Included within profit is a one-off non-cash gain of £50.1 million in respect of the restructuring of the group's interest in a joint arrangement (further details are set out in Note 4 of the financial statements).

Highlights of the year are as follows:

- Wapping Phase 2 completed and with the exception of two penthouses, all units were sold by the year end. Revenue generated during the year was circa £52.3m;
- Build out of Phase 1 of London City Island is well under way following a successful launch and the opening of the pedestrian bridge. This Ballymore site is a mixed use development with c.1,600 residential units, located at Leamouth Peninsula on the north side of the Thames opposite London's O2 Arena;
- Completion of units is progressing well on Phase 1 of the Embassy Gardens development in London's Nine Elms area. 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;
- West Hampstead Square, a joint venture with Network Rail, launched in June 2013 with the residential scheme sold out. Building is well under way and completions expected by the first quarter of 2016;
- The 43 storey Providence Tower development in London's Docklands area is progressing well with golden roof payment received in March 2015 on the affordable housing.
- Units exchanged in the UK as at 31 March 2015 reached 1,425 with a value amounting to approximately £842 million. These will complete throughout the period to the end of 2016;
- 97% of units that are in the course of construction are contracted for sale.

In addition, subsequent to the year end, the group sold certain sites to Eco World-Ballymore Holding Company Limited, a joint venture between Eco World Development Group Berhad and the group. Cash realised from this sale resulted in substantial debt being repaid post year end.

STRATEGY

As disclosed in the 2014 financial statements, the group had previously submitted a detailed seven year business plan to NAMA. This plan was approved and since that time, the group has made significant advancements towards the reorganisation of its borrowing arrangements, which resulted in a Connection Management Agreement ("CMA") being signed and new agreements in respect of a number of existing facilities being entered into in December 2012. An Amended CMA was signed in July 2015 with revised financial targets. This is to recognise the milestones already achieved to date and also to focus the group on preparing for an exit from NAMA in the foreseeable future. The Amended CMA and the business plan together with the facility agreements continue to 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 group met its various targets during the year and

BALLYMORE PROPERTIES HOLDINGS LIMITED

Group strategic report (continued)

the directors expect that it will continue to meet its revised targets and deliver strong performance in the foreseeable future.

Principal risks and uncertainties

The group's strategy is to identify risks and uncertainties in the course of its day to day operations 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 agreed set targets with the group to be achieved on a yearly basis and those financial objectives are reviewed on a regular basis between the group's management and NAMA.

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 to the financial statements.

Other financial risk

Lack of suitable funding either from the group or customer perspective may affect the availability of development and working capital finance in the property sector as well as impacting prospective property purchasers. The directors work 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 macro-economic environment internationally, nationally and regionally such as interest rates and world-wide consumer confidence. The housing market in London, where the group has the largest concentration of its assets, continues to remain strong against regional and overseas markets and the recent UK General Election has provided further stability.

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, business planning, strict cost control, closely managing secured future sales, and closely monitoring cash levels and headroom against the group's bank facilities.

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 thereby incurring substantial cost, restricting land development and construction or damaging the group's reputation.

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

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 forecasted 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 contained in the Connection Management Agreement. The primary focus for the group will be to ensure that the plan and targets agreed are delivered upon. The actions contained within the plan include refinancing, joint ventures, and disposals of non-core assets, where appropriate.

In addition, the group has a number of developments in construction, which will reach completion in the next two years. These properties are currently stated at the lower of cost and net realisable value and it is anticipated that profits will be recognised at completion or disposal of the relevant assets.

This report was approved by the board on 24 September 2015 and signed on its behalf.



Sean Mulryan
Director

BALLYMORE PROPERTIES HOLDINGS LIMITED

Directors' report for the year ended 31 March 2015

The directors present their report and the financial statements for the year ended 31 March 2015.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, 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 £154.9 million (2014 - £ 59.1 million). Included within profit is a one-off non-cash gain of £50.1 million in respect of the restructuring of the group's interest in a joint arrangement (further details are set out in Note 4 of the financial statements).

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 (resigned 31 October 2014)
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

BALLYMORE PROPERTIES HOLDINGS LIMITED

Directors' report for the year ended 31 March 2015

should, as far as possible, be identical to that of other employees.

POST BALANCE SHEET EVENTS

Subsequent to the year end, the group sold certain sites to Eco World-Ballymore Holding Company Limited, a joint venture between Eco World Development Group Berhad and the group. Cash realised from this sale resulted in substantial debt being repaid post year end.

PROVISION OF INFORMATION TO AUDITOR

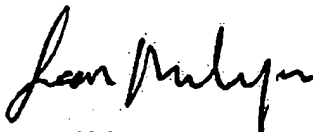
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company'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 relevant audit information and to establish that the company'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.



Sean Mulryan
Director

Date: 24 September 2015



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

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 2015, set out on pages 9 to 39. 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 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 Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially 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 parent company's affairs as at 31 March 2015 and of the group's profit 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.

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 2015, the group's shareholders' deficit amounted to £589.3 million. The group had total debt of £884 million and the group and the group headed by its ultimate parent company, Ballymore Properties, are dependent on the continued financial support of their bankers and NAMA. These conditions, together with the other matters explained in Note 1 to the financial statements indicate the existence of a material uncertainty



BALLYMORE PROPERTIES HOLDINGS LIMITED

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

which may cast significant doubt on the ability of the group and company to continue as going concerns.

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

24 September 2015

BALLYMORE PROPERTIES HOLDINGS LIMITED

Consolidated profit and loss account for the year ended 31 March 2015

	Note	31 March 2015 £000	31 March 2014 £000
Group turnover including share of joint ventures		99,616	222,786
Less: Share of joint ventures' turnover		(319)	(319)
Turnover - continuing operations	2	99,297	222,467
Cost of sales		(54,296)	(105,938)
Gross profit		45,001	116,529
Release of / (provision for) impairment of fixed assets	13	15,114	(215)
Release of / (provision for) impairment of stock	17	38,817	(52)
Administrative expenses		(8,364)	(18,045)
Other income	3	457	877
Group operating profit-continuing operations		91,025	99,094
Share of operating loss in joint ventures	14	(626)	(17,607)
Share of operating profit / (loss) in associate	15	797	(17)
Total operating profit		91,196	81,470
Profit on restructuring of joint arrangements	4	50,117	-
Loss on buy out of minority interest in subsidiary	5	-	(3,125)
Profit on disposal of fixed assets		1,248	46,737
Interest receivable and similar income			
- Group	6	2,418	2,028
- Joint ventures	14	1	1
- Associate	15	1	4
Interest payable and similar charges			
- Group	7	(1,964)	(66,809)
- Joint ventures	14	(1,119)	(1,304)
Investment income	8	-	95
Profit on ordinary activities before taxation	9	141,898	59,097
Tax on profit on ordinary activities	11	13,021	-
Profit for the financial year		154,919	59,097

BALLYMORE PROPERTIES HOLDINGS LIMITED

Consolidated statement of total recognised gains and losses for the year ended 31 March 2015

	Note	2015 £000	2014 £000
Profit for the financial year		154,919	59,097
Unrealised (deficit) / surplus on revaluation of investment properties	25	(10)	26
Total recognised gains and losses		154,909	59,123

Consolidated note of historical cost profits and losses for the year ended 31 March 2015

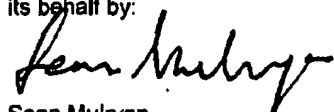
	Note	2015 £000	2014 £000
Reported profit on ordinary activities before taxation		141,898	59,097
Revaluation surplus realised on disposal of investment property	27	584	18,183
Historical cost profit on ordinary activities before taxation		142,482	77,280
Historical cost profit for the year retained after taxation and minority interest		155,503	77,280

BALLYMORE PROPERTIES HOLDINGS LIMITED

Consolidated balance sheet for the year ended 31 March 2015

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	13	24,175	18,597
Investment in joint ventures	14	-	-
Investment in associate	15	-	-
		<u>24,175</u>	<u>18,597</u>
Current assets			
Stock	17	708,681	441,089
Debtors - due within one year	18	171,037	130,471
Cash at bank and in hand	19	19,268	13,124
		<u>898,986</u>	<u>584,684</u>
Total assets		<u>923,161</u>	<u>603,281</u>
Capital and reserves			
Called up share capital	24	100	100
Revaluation reserve	25	-	594
Other reserves	26	(154,400)	(154,400)
Profit and loss account	27	(435,038)	(590,541)
Shareholders' deficit	28	<u>(589,338)</u>	<u>(744,247)</u>
Minority interest	29	<u>7,500</u>	<u>7,500</u>
		<u>(581,838)</u>	<u>(736,747)</u>
Liabilities			
Creditors - due within one year	20	727,913	891,697
Creditors - due after one year	21	723,063	395,738
Provisions for liabilities	23	64,023	52,593
		<u>1,504,999</u>	<u>1,340,028</u>
Total capital, reserves and liabilities		<u>923,161</u>	<u>603,281</u>

These financial statements were approved by the board of directors on 24 September 2015 and were signed on its behalf by:



Sean Mulryan
Director

BALLYMORE PROPERTIES HOLDINGS LIMITED

Consolidated cash flow statement for the year ended 31 March 2015

	Note	2015 £000	2014 £000
Net cash (outflow) / inflow from operating activities	30	(117,456)	141,262
Returns on investment and servicing of finance	31	7,895	(22,573)
Capital expenditure and financial investment		7,617	108,730
Acquisitions and disposals	31	-	(12,586)
Tax paid		(5,294)	-
Net cash (outflow) / inflow before management of liquid resources and financing		(107,238)	214,833
Management of liquid resources	31	(35)	14
Financing	31	113,382	(228,028)
		113,347	(228,014)
Increase / (decrease) in cash in the year		6,109	(13,181)

Reconciliation of net cash flow to movement in net debt for the year ended 31 March 2015

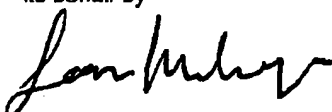
	Note	2015 £000	2014 £000
Increase / (decrease) in cash in the year	32	6,109	(13,181)
Cash (inflow) / outflow from increase / decrease in debt financing	32	(113,382)	228,028
Change in net debt resulting from cash flows	32	(107,273)	214,847
Non-cash movements	32	61,894	-
Effect of movement in exchange rates	32	-	425
Net debt at beginning of year	32	(821,371)	(1,036,643)
Net debt at end of year		(866,750)	(821,371)

BALLYMORE PROPERTIES HOLDINGS LIMITED

Company balance sheet for the year ended 31 March 2015

	Note	2015 £000	2014 £000
Fixed assets			
Financial assets	16	1	1
Current assets			
Debtors – due within one year	18	-	-
Cash at bank and in hand	19	1	1
Total assets		<u>2</u>	<u>2</u>
Capital and reserves			
Called up share capital	24	100	100
Profit and loss account	27	(103,290)	(107,426)
Shareholders' deficit	28	<u>(103,190)</u>	<u>(107,326)</u>
Liabilities			
Creditors – due within one year	20	-	107,328
Creditors - due after one year	21	103,192	-
Total capital, reserves and liabilities		<u>2</u>	<u>2</u>

These financial statements were approved by the board of directors on 24 September 2015 and were signed on its behalf by



Sean Mulryan
Director

Company registered number: 04910171

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2015

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.

Going concern

The group's shareholders' deficit at 31 March 2015 amounted to £589.3 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 2015, the group had total debt of £884 million and a property portfolio (comprising stock and tangible fixed assets) with a carrying value of £733 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.

The group is a member of the wider group headed by Ballymore Properties. The Ballymore Properties group is in turn dependent on the financial support of its lenders, principally NAMA. 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 have considered the principal assumptions supporting the group's cashflow projections. Notwithstanding the various assumptions listed below and conditions outside the group's control (see principal risks in the group strategic report), the group has to date realised its milestones as agreed with NAMA and the directors have increased confidence in achieving future debt repayment targets. This is because most of the group's developments under construction are near completion and have already been pre-sold. Also, subsequent to the year end, the group sold certain sites to Eco World-Ballymore Holding Company Limited, a joint venture between Eco World Development Group Berhad and the group. Cash realised from this sale resulted in substantial debt being repaid post year end. Furthermore, the group expects to realise value in the future on some of its remaining assets either through disposals or through joint ventures to secure funding for development.

An Amended Connection Management Agreement ("CMA") was signed with the group's main lender, NAMA, in July 2015 and it sets out the various revised conditions and key performance indicators that the group is required to achieve in order to ensure NAMA's continued support. NAMA are monitoring adherence to the conditions on an ongoing basis. 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 cumulative targets. The following represent the key assumptions underpinning the CMA, business plan and cashflow projections:

- The adherence to the terms and conditions set out in the Amended CMA and associated facility agreements.
- The achievement of the financial targets in the CMA through sales of units, disposals of assets, and joint ventures;
- The continued provision by the main lender of working capital and other development finance.
- The continued support of non-NAMA financiers (which represents less than 4% of total debt of the Ballymore Properties group) including renewal or refinancing of debt on similar terms if required.

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2015

1. ACCOUNTING POLICIES (continued)

Going concern (continued)

Having carefully considered the group's forecasts and projections, the directors believe that the group is well placed to manage its principal risks successfully together with its funding requirements. Consequently, 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.

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 2015

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

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.

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2015

1. ACCOUNTING POLICIES (continued)

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 2015

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 2015

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

	2015 £000	2014 £000
Turnover is analysed as follows:-		
Sale of properties and construction income	92,446	213,121
Rental income and management fees	6,851	9,346
	<u>99,297</u>	<u>222,467</u>

All turnover is generated in the United Kingdom.

3. OTHER INCOME

	2015 £000	2014 £000
Other income	457	877

Other income includes 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. PROFIT ON RESTRUCTURING OF JOINT ARRANGEMENTS

During the year the group relinquished its interest in Millharbour LLP and Millharbour 2 LLP ("the LLPs"), joint arrangements in which the group had held a 33.3% interest. In consideration, the company has entered into a Trust Agreement with the new members of the LLPs such that the group will be entitled to 50% of accumulated profits of the LLPs. The group has not attributed any value to the future consideration, based on the current positions of the LLPs. The resulting non-cash profit on derecognition of the share of assets and liabilities of the joint arrangements amounted to £50.1 million.

5. LOSS ON BUY OUT OF MINORITY INTEREST IN SUBSIDIARY

During the prior 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%.

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2015

6. GROUP INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £000	2014 £000
Deposit interest	962	1,245
Interest on loans to joint ventures:		
-West Hampstead Square LLP	857	246
-Bishopsgate Goodsynd Regeneration Limited	464	409
-Central Regeneration Limited Partnership	51	51
-Renshaw Regeneration LLP	4	4
-Downriver Properties Limited	80	73
	<u>2,418</u>	<u>2,028</u>

7. GROUP INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £000	2014 £000
On loans wholly repayable other than by instalments within five years	43,667	85,782
Less: capitalised interest included in stocks/fixed assets under construction	(41,703)	(18,973)
	<u>1,964</u>	<u>66,809</u>

8. INVESTMENT INCOME

	2015 £000	2014 £000
Income from financial assets	-	95

Income from financial assets comprised dividends receivable on preference shares held in Donwell Investments Limited. The shares were redeemed during the prior year and the group no longer has an interest in Donwell Investments Limited.

9. STATUTORY AND OTHER INFORMATION

	2015 £000	2014 £000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible assets - owned	34	201
(Reversal of impairment) / impairment of tangible assets - owned	(15,114)	215
Directors' remuneration (Note 10)	414	450
Profit on disposal of fixed assets	(1,248)	(46,737)
Auditor's remuneration		
- audit fees	180	204
- tax compliance and advisory fees	462	327

BALLYMORE PROPERTIES HOLDINGS LIMITED

**Notes to the financial statements
for the year ended 31 March 2015**

10. DIRECTORS' REMUNERATION

	2015 £000	2014 £000
Directors' remuneration		
Total emoluments	<u>414</u>	<u>450</u>
Emoluments of the highest paid director	<u>140</u>	<u>160</u>

11. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 £000	2014 £000
(a) Analysis of (credit) / charge for the year		
UK corporation tax		
Current tax on income for the year	812	-
Adjustment in respect of prior years	-	-
Total current tax	<u>812</u>	<u>-</u>
Deferred taxation		
Adjustment in respect of previous years	-	-
Tax losses	(13,833)	-
Total deferred tax credit	<u>(13,833)</u>	<u>-</u>
Tax (credit) / charge on profit on ordinary activities	<u>(13,021)</u>	<u>-</u>

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2016

11. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

b) Factors affecting current tax for the year

The current tax for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	2015 £000	2014 £000
Current tax reconciliation		
Profit on ordinary activities before tax	141,898	59,097
Current tax at 21% (2014: 23%)	29,798	13,592
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(19,272)	5,752
Capital allowances for year in excess of depreciation	(36)	24
Other differences leading to an increase (decrease) in the tax charge	1,077	-
Other timing differences leading to an increase (decrease) in taxation	1,967	891
Unrelieved tax losses carried forward	1,209	14,122
Utilisation of tax losses	(17,849)	(33,588)
Group relief	425	-
Capital gains (losses)	3,786	11,805
Book profit on chargeable assets	(262)	(12,644)
Transfer pricing adjustments	(31)	46
Total current tax (credit)/charge	812	-

At 31 March 2015 there are unrecognised deferred tax assets of £63.1 million (2014: unrecognised deferred tax assets of £92.9 million) in respect of unutilised tax losses.

There are no unprovided deferred tax liabilities.

(c) Factors that may affect future charges

Reductions in the UK corporation tax rate from 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at the balance sheet date has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2015

12. STAFF NUMBERS AND COSTS

	2015	2014
Group		
Development management	78	56
Estates management	28	23
Finance	17	17
Sales and marketing	16	14
Operations and other	34	34
	<u>172</u>	<u>144</u>

	2015 £000	2014 £000
The aggregate payroll costs of employees were:		
Wages and salaries	11,165	9,836
Social security costs	1,349	1,193
Pensions	119	-
	<u>12,633</u>	<u>11,029</u>

Company

The company has no employees (2014: none).

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2015

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
Group					
Cost / valuation					
At beginning of year	13,669	1,000	5,412	2,228	22,309
Reduction in previously accrued capitalised cost	-	(5,130)	-	-	(5,130)
Additions	-	1,016	-	-	1,016
Transfers from stocks	2,006	-	-	-	2,006
Revaluation (Note 25)	(11)	-	-	-	(11)
Impairment - profit and loss account	-	15,114	-	-	15,114
Disposals	(3,490)	-	(5,412)	(615)	(9,517)
At end of year	12,174	12,000	-	1,613	25,787
Cost	-	-	-	1,613	1,613
Valuation	12,174	12,000	-	-	24,174
	12,174	12,000	-	1,613	25,787
Depreciation					
At beginning of year	-	-	1,485	2,227	3,712
Charge for year	-	-	34	-	34
Disposals	-	-	(1,519)	(615)	(2,134)
At end of year	-	-	-	1,612	1,612
Net book value at end of year	12,174	12,000	-	1	24,175
At beginning of year	13,669	1,000	3,927	1	18,597

The investment properties were valued by the directors on an open market basis at £12,174,000 on 31 March 2015.

The historical cost of the group's investment properties was £12,174,000 (2014: £13,075,000).

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 (2014: £nil).

The carrying value of freehold investment properties has been adjusted at 31 March 2015 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 2015 at £2,006,000 and transferred to investment properties. In the prior year, land interests generating ground rents, valued by the directors on an open market basis at 31 March 2014 at £10,006,000, were transferred to investment properties from stocks.

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2016

14. INVESTMENT IN JOINT VENTURES

	2015 £000	2014 £000
Group		
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 2015. 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 2015.
- (d) The group holds a 50% interest in Renshaw Regeneration Limited Liability Partnership, a property development entity.
- (e) The group holds 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	(28,256)
Share of operating loss	(626)
Share of interest payable and similar charges	(1,119)
Share of interest receivable and similar income	1
Elimination of group's share of unrealised profit in stock	(484)
	<hr/>
At end of year	(30,484)
	<hr/>

As the investment plus group's share of losses in some of the joint ventures amounts to a negative figure, these amounts of £30,484,000 (2014: £28,256,000) have been included in provisions for liabilities on the balance sheet.

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2015

15. INVESTMENT IN ASSOCIATE

	2015	2014
	£000	£000
Investment in associate	<u>-</u>	<u>-</u>

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 profit/(loss) £000	Total £000
At beginning of year	(17,777)	(6,560)	(24,337)
Share of operating profit for year	-	797	797
Share of interest receivable and similar income	-	1	1
At end of year	<u>(17,777)</u>	<u>(5,762)</u>	<u>(23,539)</u>

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

	2015	2014
	£000	£000
Company		
Investments in subsidiary undertakings		
Cost	154,600	154,600
Provision for impairment	(154,599)	(154,599)
At end of year	<u>1</u>	<u>1</u>

Details of subsidiary undertakings are given in Note 35.

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2015

17. STOCK

	2015 £000	2014 £000
Group		
Development properties	60,166	67,687
Work in progress	639,648	365,220
Properties held for resale	8,867	8,182
	708,681	441,089

The amount at which stock is stated (before impairment provision) includes capitalised interest of £123,850,385 (2014: £103,796,536).

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 decreased the provision against the carrying value of the group's stock by £38.8 million (2014: increase in provision of £0.1 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 2015

18. DEBTORS

	2015 £000	2014 £000
Group		
Amounts falling due within one year		
Trade debtors	5,759	998
Amounts due from group undertakings (a)	-	-
Amounts due from related parties (b)	47,800	44,503
Other debtors	88,160	84,565
VAT and other taxes	7,306	264
Deferred tax asset (c)	13,833	-
Prepayments and accrued income	8,179	141
	<u>171,037</u>	<u>130,471</u>

(a) The amount of receivables due from group undertakings is £1 (2014: £1) stated net of provisions. At 31 March 2015 the gross amount receivable from group undertakings was £42.4 million (2014: £47.5 million). Provisions have been made to reflect impairments arising from falls in the underlying asset value of the debtor group companies. At 31 March 2015 provisions totalling £42.4 million (2014: £47.5 million) have been made against such receivables.

	2015 £000	2014 £000
(b) Amounts due from related parties		
Ballymore International Developments Limited	460	534
Ballymore (London Arena) Limited (due after one year)	73,396	73,441
Bishopsgate Goodsyards Regeneration Limited	31,042	29,378
Hammerson Investments (No. 23) Limited	-	39
Central Regeneration Limited Partnership	4,767	4,716
Downriver Properties Limited	939	859
Markland Holdings Limited	2,811	2,689
Millharbour 2 LLP	-	805
Renshaw Regeneration LLP	155	151
RQB (Isle of Man) Limited	10,458	9,708
Thames Royal Docklands	1,700	1,370
West Hampstead Square LLP	16,680	12,305
Provisions against receivables from related parties	(94,618)	(81,492)
	<u>47,800</u>	<u>44,503</u>

	2015 £000	2014 £000
(c) Deferred tax asset		
At beginning of year	-	-
Credited to profit and loss account during the year	13,833	-
At end of year	<u>13,833</u>	<u>-</u>

The deferred tax assets recognised relate to losses brought forward, where post year end sales have indicated that it is more likely than not that sufficient tax profits will be made to utilise these losses.

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2015

18. DEBTORS (CONTINUED)

	2015 £000	2014 £000
Company		
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 (2014: £1) stated net of provisions. At 31 March 2015 the gross amount receivable from group undertakings was £103,169,790 (2014: £107,306,929). Provisions have been made to reflect impairments arising from falls in the underlying asset value of the debtor group companies. At 31 March 2015 provisions totalling £103,169,789 (2014: £107,306,928) have been made against such receivables (of which £4,137,139 (2014: £2,285,398) was released in the current financial year).

19. CASH AT BANK AND IN HAND

	2015 £000	2014 £000
Group		
Cash at bank and in hand	16,783	10,674
Restricted cash balances	2,485	2,450
	<u>19,268</u>	<u>13,124</u>
	<u>19,268</u>	<u>13,124</u>

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

	2015 £000	2014 £000
Company		
Cash at bank and in hand	1	1
	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2015

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£000	£000
Group		
Bank/NAMA loans and overdrafts (Note 22)	452,935	519,259
Trade creditors	10,220	4,485
Amounts owed to group undertakings	32,616	156,271
Amounts owed to related parties (a)	2,841	2,758
Other creditors	3,798	1,308
Taxation and social welfare	2,074	3,216
Accruals and deferred income	223,429	204,400
	<u>727,913</u>	<u>891,697</u>
 (a) Amounts owed to related parties		
RQB (Isle of Man) Limited	2,841	2,391
S. Mulryan	-	367
	<u>2,841</u>	<u>2,758</u>
 Company		
Amounts owed to group undertakings	-	107,328
	<u>-</u>	<u>107,328</u>

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2015

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

	2015 £000	2014 £000
Group		
Bank / NAMA loans and overdrafts (Note 22)	430,598	312,786
Amounts owed to group undertakings	157,870	12,459
Amounts owed to related parties (a)	367	-
Deferred consideration	-	700
Accruals and deferred income	134,228	69,793
	<u>723,063</u>	<u>395,738</u>
 (a) Amounts owed to related parties		
S.Mulryan	367	-
	<u>367</u>	<u>-</u>
 Company		
Amounts owed to group undertakings	103,192	-
	<u>103,192</u>	<u>-</u>

22. BANK / NAMA BORROWINGS

	Within one year £000	Between one and two years £000	Between two and five years £000	Total £000
Group				
Repayable other than by instalments				
Bank / NAMA loans	452,935	313,947	116,651	883,533
	<u>452,935</u>	<u>313,947</u>	<u>116,651</u>	<u>883,533</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

	2015 £000	2014 £000
Provision for investments in joint ventures (Note 14)	30,484	28,256
Provisions for investments in associate (Note 15)	23,539	24,337
	<u>54,023</u>	<u>52,593</u>

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2015

24. CALLED UP SHARE CAPITAL

	2015 £000	2014 £000
Group and company		
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

	2015 £000	2014 £000
Group		
At beginning of year	594	18,751
Unrealised (deficit)/surplus on revaluation of investment properties	(10)	26
Revaluation surplus realised on the disposal of investment properties transferred to the profit and loss account	<u>(584)</u>	<u>(18,183)</u>
At end of year	<u>-</u>	<u>594</u>

26. OTHER RESERVES

	Merger reserve £000	Other capital reserves £000	Total £000
Group			
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.

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2015

27. RECONCILIATION OF PROFIT AND LOSS ACCOUNT RESERVE

	2015 £000	2014 £000
Group		
At beginning of year	(590,541)	(667,821)
Profit for the financial year	154,919	59,097
Revaluation surplus realised on disposal of investment property transferred from revaluation reserve	584	18,183
At end of year	(435,038)	(590,541)

The company's profit for the financial year amounted to £4,136,000 (2014: profit £2,283,000). This is after releasing a provision against intercompany receivables of £4,137,139 (2014: £2,285,398).

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

	2015 £000	2014 £000
Group		
At beginning of year	(744,247)	(803,370)
Total recognised gains and losses for the year	154,909	59,123
At end of year	(589,338)	(744,247)
Company		
At beginning of year	(107,328)	(109,609)
Total recognised gains and losses for the year	4,136	2,283
At end of year	(103,190)	(107,328)

29. MINORITY INTEREST

	2015 £000	2014 £000
At beginning of year	7,500	8,723
Buy-out of minority interest	-	(1,223)
At end of year	7,500	7,500

During 2013 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 of up to £7.5 million in preference to ordinary shareholders and then £0.10 for every £0.90 distributed to the ordinary shareholders and are accounted for as minority interest.

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2015

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

	2015 £000	2014 £000
Group operating profit	91,025	99,094
Depreciation charge	34	201
(Reversal of impairment) / impairment of tangible assets	(15,114)	215
Impairment of stock	(38,817)	52
Other non-cash items included in group operating profit - primarily (Reversal of impairment) / impairment of receivables	(5,479)	7,793
Increase in stock	(199,430)	(25,164)
Increase in debtors	(19,220)	(28,207)
Increase in creditors	69,545	87,278
Net cash (outflow) / Inflow from operating activities	(117,456)	141,262

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

	2015 £000	2014 £000
Returns on Investments and servicing of finance		
Interest and similar income received	2,456	2,789
Interest and similar charges paid	5,439	(25,362)
Net cash inflow / outflow from returns on investment and servicing of finance	7,895	(22,573)
Capital expenditure and financial investment		
Purchase of tangible assets	(1,013)	(219)
Disposal of tangible assets	8,630	103,687
Redemption of investment	-	5,262
Net cash inflow from capital expenditure and financial investment	7,617	108,730
Acquisitions and disposals		
Buy-out of minority interest	-	(12,586)
Net cash outflow from acquisitions and disposals	-	(12,586)
Financing		
Increase in borrowings	207,954	72,372
Repayment of borrowings	(94,572)	(300,400)
Net cash inflow / (outflow) from financing	113,382	(228,028)
Management of liquid resources		
Net cash (outflow) / inflow from release of restricted funds	(35)	14

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2015

32. ANALYSIS OF NET DEBT

	As at 31 March 2014	Cashflow	Other non- cash changes	As at 31 March 2015
	£000	£000	£000	£000
Cash at bank and in hand	10,674	6,109	-	16,783
Bank overdraft	-	-	-	-
	<u>10,674</u>	<u>6,109</u>	<u>-</u>	<u>16,783</u>
Bank / NAMA loans due within one year	(519,259)	9,866	56,458	(452,935)
Bank / NAMA loans due after one year	(312,786)	(123,248)	5,436	(430,598)
	<u>(832,045)</u>	<u>(113,382)</u>	<u>61,894</u>	<u>(883,533)</u>
Debt	<u>(832,045)</u>	<u>(113,382)</u>	<u>61,894</u>	<u>(883,533)</u>
	<u>(821,371)</u>	<u>(107,273)</u>	<u>61,894</u>	<u>(866,750)</u>
Net debt	<u>(821,371)</u>	<u>(107,273)</u>	<u>61,894</u>	<u>(866,750)</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.

One of the company's subsidiaries, Ballymore Properties (Thames Royal) Limited, is jointly and severally liable for bank borrowings in the amount of £120.8 million. The company has a property held in a co-ownership structure with RQB (Isle of Man). The company's share of this liability is £60.4 million. The debt is secured by fixed and floating charges over the assets of the co-ownership, together with capital and interest guarantees from the Ballymore Group and individuals connected with RQB (Isle of Man) Limited.

BALLYMORE PROPERTIES HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 March 2015

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 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:

	2015 £000	2014 £000
Goods and services supplied on normal trading terms to:		
- Ballymore (London Arena) Limited	117	359
- Thames Royal Docklands	18	690
- West Hampstead Square LLP	1,380	13,162
	<hr/>	<hr/>

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 2015

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 developments
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 (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 2015

35. SUBSIDIARY UNDERTAKINGS AND OTHER UNDERTAKINGS (CONTINUED)

(a) Subsidiary undertakings (continued)

	Proportion held by company	Proportion held by subsidiary	Activity
Kilopoint Limited	-	100 %	Property development and investment
Landor 2 Limited	-	100 %	Dormant
Landor (Dundee Wharf) Limited	-	100 %	Property development and investment
Landor Residential Limited	-	100 %	Property development
Miltop 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 Goodsynd 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 Goodsynd 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 2015

35. SUBSIDIARY UNDERTAKINGS AND OTHER UNDERTAKINGS (CONTINUED)

(c) Joint arrangements

	Proportion held by company	Proportion held by subsidiary	Activity
Thames Royal Docklands	-	50 %	Property development
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

Subsequent to the year end, the group sold certain sites to Eco World-Ballymore Holding Company Limited, a joint venture between Eco World Development Group Berhad and the group. Cash realised from this sale resulted in substantial debt being repaid post year end

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