

Registered number: 02260505

BALLYMORE PROPERTIES LIMITED

Annual report and financial statements

For the Year Ended 31 March 2019



BALLYMORE PROPERTIES LIMITED

Company Information

Directors	S. Mulryan J. Mulryan D. Pearson
Company secretary	D. Pearson
Registered number	02260505
Registered office	4th Floor 161 Marsh Wall London E14 9SJ
Independent auditor	KPMG, Statutory Auditor Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2 Ireland
Solicitors	Howard Kennedy No. 1 London Bridge London SE1 9BG

BALLYMORE PROPERTIES LIMITED

Contents

	Page
Strategic report	1 - 2
Directors' report	3 - 5
Independent auditor's report	6 - 8
Profit and loss account	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 25

BALLYMORE PROPERTIES LIMITED

Strategic report For the Year Ended 31 March 2019

Introduction

The directors present their strategic report for Ballymore Properties Limited for the year ended 31 March 2019.

Business review

The company is a member of a significant property development group headed by the Irish company, Ballymore Properties Unlimited Company ("the Ballymore Group").

The Ballymore Group is owned by Sean Mulryan, who, with his family also has other property development management and construction management interests.

This company is a holding company and also provides development management services to its subsidiary companies and sister companies in the wider Ballymore Group for their property development and investment activities.

The company operates a single purchase ledger for the subsidiary and sister companies in the same VAT and corporation tax group and as such recharges costs incurred on behalf of the subsidiary and sister companies on a nil margin basis. The company also provides marketing suite and build services to sister companies and joint venture companies of the wider Ballymore Group.

Mulryan family property groups

The Ballymore Group, of which this company is a member, has a net asset value in excess of £0.5 billion. To enhance future development potential, the Ballymore Group continues to invest heavily in planning activities for its substantial land portfolio within the UK and Ireland. These projects, which comprise a forward pipeline of more than 7,500 homes and 1.5 million sq.ft. of commercial space, have the potential to transform the landscapes within which they are located.

The Ballymore Group will continue to put placemaking at the centre of every development, establishing new places for people to live and work, delivering unparalleled experiences. The Ballymore Group has worked with a range of partners from semi-state bodies, institutional funds, family offices and publicly traded companies. Creating partnerships with similar ideals has become its core strategy.

The Ballymore Group works closely with other groups which are also wholly owned by the Mulryan family. The projected gross development value ("GDV") from active developments under management via the Mulryan family and joint ventures in which they have an interest is £3.7 billion from active residential developments and £1 billion from active commercial developments. The GDV from other residential developments under the management of the Mulryan family and joint ventures in which they have an interest with a grant of planning permission, yet to be fully activated, is £1.9 billion.

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties faced by the company are in the following categories:

Financial risk

The company continues to manage cash resources closely and, as a matter of standard protocol, continually assesses its commitments and its forecast resources and available funding.

BALLYMORE PROPERTIES LIMITED

Strategic report (continued) For the Year Ended 31 March 2019

Economic risk

The house building industry is sensitive to the macro-economic environment internationally, nationally and regionally such as interest rates and worldwide consumer confidence. The fundamentals of the housing market in London, where the company has the largest level of activity, continue to remain strong.

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

The risk relating to the availability of finance, and 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 company.

These risks are managed by due consideration of the interest rate environment, business planning, strict cost control, and closely monitoring cash levels.

Regulatory risk

As the company is engaged in property development services, 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 company's reputation.

This report was approved by the board on 18 December 2019 and signed on its behalf.



D. Pearson
Director

BALLYMORE PROPERTIES LIMITED

Directors' report For the Year Ended 31 March 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements

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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Principal activity and future developments

The company is a holding company, and also provides development management services to its subsidiary companies and sister companies in the wider Ballymore group for their property development and investment activities. No change is expected to this activity in the future.

BALLYMORE PROPERTIES LIMITED

Directors' report (continued) For the Year Ended 31 March 2019

Results and dividends

Ballymore Properties Limited represents a relatively small part of the Ballymore Group's operational UK business activities.

Total revenues of Ballymore Properties Limited for the year were £46 million (2018: £56 million). The loss for the year after tax was £3.8 million (2018 - profit £176.3 million) and included a one-off accrual for potential costs with the company expected to return to profits in the near term.

In 2018 there was a significant reversal of provisions against intercompany receivables, which is included within administrative expenses in the Profit and loss account. This is because the debtor companies achieved a level of profitability which means they were in a position to be able to repay their intercompany liabilities. In prior years there had been significant uncertainty regarding the related party companies' ability to repay their debts and therefore provisions against these receivables had been made.

No dividends were declared for the year ended 31 March 2019 (2018 - £NIL).

Human rights and the Modern Slavery Act 2015

This report does not contain specific information on human rights issues as this is not considered necessary for an understanding of the development, performance or position of the company's business. However, the group as a whole is committed to respecting human rights and will look at the wider group for its supply chain policy approach to human rights.

With the Modern Slavery Act 2015 in force, the group is concentrating their efforts on transparency in the supply chain from its outsourcing model and will be looking at establishing clear ethical standards for ourselves and expectations from our suppliers to raise awareness of the legislation.

Directors

The directors who served during the year were:

S. Mulryan
J. Mulryan
D. Pearson

Disclosure 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 the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the 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.

Post balance sheet events

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

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.

BALLYMORE PROPERTIES LIMITED

**Directors' report (continued)
For the Year Ended 31 March 2019**

This report was approved by the board on 18 December 2019 and signed on its behalf.

A handwritten signature in black ink, consisting of a large loop followed by a horizontal stroke and a small vertical tick.

D. Pearson
Director



BALLYMORE PROPERTIES LIMITED

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

1 Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ballymore Properties Limited ('the Company') for the year ended 31 March 2019, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter – The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. Some of the uncertainties arising from Brexit may impact certain of the financial statement captions in the financial statements. The preparation of the financial statements on a going concern basis and the financial statement caption containing estimates all depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. No audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.



BALLYMORE PROPERTIES LIMITED

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

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

We have nothing to report in these respects.

2 Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.



BALLYMORE PROPERTIES LIMITED

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

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

C Mullen (Senior Statutory Auditor)
For and on behalf of
KPMG Statutory Auditor

Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

19 December 2019

BALLYMORE PROPERTIES LIMITED

Profit and loss account For the Year Ended 31 March 2019

	Note	2019 £	2018 £
Turnover	4	46,068,410	56,156,314
Cost of sales		(43,870,924)	(49,040,035)
Gross profit		2,397,486	7,116,279
Administrative expenses		(6,274,644)	168,886,551
Operating (loss)/profit	5	(3,877,158)	176,002,830
Income from other fixed asset investments	8	-	9,327
Interest receivable and similar income	9	866,478	451,440
(Loss)/profit before tax		(3,010,680)	176,463,597
Tax on (loss)/profit	10	(760,134)	(131,843)
(Loss)/profit for the financial year		(3,770,814)	176,331,754

The notes on pages 12 to 25 form part of these financial statements.

All amounts relate to continuing operations.

The company had no other comprehensive income in the financial year or the previous financial year and therefore, no statement of other comprehensive income is provided.

BALLYMORE PROPERTIES LIMITED
Registered number: 02260505

Balance sheet
As at 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible fixed assets	11	-	17,062
Investments	12	2,304	1,105
		<u>2,304</u>	<u>18,167</u>
Current assets			
Debtors: amounts falling due within one year	13	318,054,378	206,055,242
Bank and cash balances		40,717,142	121,926,009
		<u>358,771,520</u>	<u>327,981,251</u>
Creditors: Amounts Falling Due Within One Year	14	(307,920,770)	(273,375,550)
Net current assets		<u>50,850,750</u>	<u>54,605,701</u>
Total assets less current liabilities		<u>50,853,054</u>	<u>54,623,868</u>
Net assets		<u><u>50,853,054</u></u>	<u><u>54,623,868</u></u>
Capital and reserves			
Called up share capital	15	100,000	100,000
Profit and loss account		50,753,054	54,523,868
		<u>50,853,054</u>	<u>54,623,868</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 December 2019.


D. Pearson
Director

The notes on pages 12 to 25 form part of these financial statements.

BALLYMORE PROPERTIES LIMITED

Statement of changes in equity For the Year Ended 31 March 2019

	Share capital	Retained Earnings	Total equity
	£	£	£
At 1 April 2018	100,000	54,523,868	54,623,868
Comprehensive income for the year			
Loss for the year	-	(3,770,814)	(3,770,814)
Total comprehensive income for the year	-	(3,770,814)	(3,770,814)
Total transactions with owners	-	-	-
At 31 March 2019	100,000	50,753,054	50,853,054

The notes on pages 12 to 25 form part of these financial statements.

Statement of changes in equity For the Year Ended 31 March 2018

	Share capital	Retained Earnings	Total equity
	£	£	£
At 1 April 2017	100,000	(121,807,886)	(121,707,886)
Comprehensive income for the year			
Profit for the year	-	176,331,754	176,331,754
Total comprehensive income for the year	-	176,331,754	176,331,754
Total transactions with owners	-	-	-
At 31 March 2018	100,000	54,523,868	54,623,868

The notes on pages 12 to 25 form part of these financial statements.

BALLYMORE PROPERTIES LIMITED

Notes to the financial statements For the Year Ended 31 March 2019

1. General information

Ballymore Properties Limited is a company limited by shares and incorporated and domiciled in the UK.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Ballymore Limited as at 31 March 2019 and these financial statements may be obtained from 4th Floor, 161 Marsh Wall, London E14 9SJ.

Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

Going concern

The financial statements of the company are prepared on the going concern basis, which the directors believe to be appropriate.

The directors have assessed the financial and operational requirements of the company and having undertaken this review, the directors have a reasonable expectation that the company has adequate resources to fund its operations for the foreseeable future, and in particular for the period of at least 12 months from the date of approval of the financial statements, in line with the financial forecasts. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

BALLYMORE PROPERTIES LIMITED

Notes to the financial statements For the Year Ended 31 March 2019

2. Accounting policies (continued)

Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets and depreciation

Fixtures and fittings are stated at cost less accumulated depreciation.

Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

BALLYMORE PROPERTIES LIMITED

Notes to the financial statements For the Year Ended 31 March 2019

2. Accounting policies (continued)

Taxation

Tax is recognised in the Profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

BALLYMORE PROPERTIES LIMITED

Notes to the financial statements For the Year Ended 31 March 2019

2. Accounting policies (continued)

Financial Instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt Instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the process of applying the company's accounting policies, the key judgments made by management relate to recoverability of receivables from group companies and related parties (note 13).

BALLYMORE PROPERTIES LIMITED

Notes to the financial statements For the Year Ended 31 March 2019

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Costs recharged to related parties	45,280,696	50,356,400
Management fees and rental income	787,714	5,799,914
	<u>46,068,410</u>	<u>56,156,314</u>

All turnover arose within the United Kingdom.

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	2019 £	2018 £
Provision against intercompany receivables released	(1,681,282)	(189,558,834)
Provision against related party receivables released	(73,064,544)	(460,135)
Settlement of debt due from related party	73,064,544	-
Fees payable to the company's auditor for the audit of the company's annual financial statements	21,000	45,000
Difference on foreign exchange	(40,415)	527
Other operating lease rentals	60,594	-
	<u>60,594</u>	<u>-</u>

6. Directors' remuneration

Total directors' remuneration for the year amounted to £396,687 (2018 - £397,161).

The highest paid director received remuneration of £200,000 (2018 - £200,000).

BALLYMORE PROPERTIES LIMITED

Notes to the financial statements For the Year Ended 31 March 2019

7. Staff numbers and costs

The average number of personnel employed by the company including executive directors during the year was 5 (2018 - 8).

	2019 £	2018 £
Finance and administration	3	6
Operations and other	2	2
	<u>5</u>	<u>8</u>

The aggregate payroll costs of employees were:

	2019 £	2018 £
Wages and salaries	1,500,920	1,487,347
Social Security costs	179,410	291,860
Pension	24,464	19,661
	<u>1,704,794</u>	<u>1,798,868</u>

8. Income from other fixed asset investments

	2019 £	2018 £
Dividends received	-	9,327
	<u>-</u>	<u>9,327</u>

No dividends were received during the year.

In the prior year, the company received a dividend of £9,327 from its subsidiary, Ballymore Development Management Services Limited.

BALLYMORE PROPERTIES LIMITED

Notes to the financial statements For the Year Ended 31 March 2019

9. Interest receivable and similar income

	2019	2018
	£	£
Interest Income from group companies	324,416	50,209
Bank interest receivable	542,062	401,231
	<u>866,478</u>	<u>451,440</u>

10. Taxation

	2019	2018
	£	£
Corporation tax		
Current tax on profits for the year	377,437	131,843
Adjustments in respect of previous periods	382,697	-
Total current tax	<u>760,134</u>	<u>131,843</u>

BALLYMORE PROPERTIES LIMITED

Notes to the financial statements For the Year Ended 31 March 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	<u>(3,010,680)</u>	<u>176,463,597</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<u>(572,029)</u>	<u>33,528,083</u>
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	27,784	(32,851,585)
Book profit on chargeable assets	3,242	1,900
Dividends from UK companies	-	(1,772)
Adjustments to tax charge in respect of previous periods	382,697	-
Group relief	-	(590,008)
Movement in deferred tax not recognised	918,440	44,164
Transfer pricing adjustments	-	1,061
Total tax charge for the year	<u>760,134</u>	<u>131,843</u>

Factors that may affect future tax charges

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. Finance Bill 2016 further reduced the 18% rate to 17% from 1 April 2020, following substantive enactment on 6 September 2016. Together this will reduce the company's future tax charge accordingly.

Due to the uncertainty of the recoverability of the tax losses, a deferred tax asset of £347,797 (2018 - £417,211) has not been recognised. The unrecognised deferred tax asset at the balance sheet date has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

BALLYMORE PROPERTIES LIMITED

Notes to the financial statements For the Year Ended 31 March 2019

11. Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 April 2018	165,938
Disposals	(17,062)
At 31 March 2019	<u>148,876</u>
Depreciation	
At 1 April 2018	148,876
At 31 March 2019	<u>148,876</u>
Net book value	
At 31 March 2019	-
At 31 March 2018	<u><u>17,062</u></u>

12. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2018	1,105
Additions	1,200
Disposals	(1)
At 31 March 2019	<u><u>2,304</u></u>

Ballymore Development Management Services Limited, in which the company held an investment of £1 at 1 April 2018 was dissolved during the year.

During the year the company acquired 100% of the share capital of Ballymore (London Arena) Limited, a property development company.

BALLYMORE PROPERTIES LIMITED

Notes to the financial statements For the Year Ended 31 March 2019

12. Fixed asset investments (continued)

Subsidiary undertakings

The following are subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
Landor (Dundee Wharf) Limited	Property development and investment	Ordinary	100%
Monomind Limited	Property investment	Ordinary	100%
Domaine Developments Limited	Property development and investment	Ordinary	100%
Glossover Limited	Dormant	Ordinary	100%
Clearstorm Limited	Property development and investment	Ordinary	100%
Boldbury Limited	Dormant	Ordinary	100%
Ballymore (London Arena) Limited	Property development	Ordinary	100%

BALLYMORE PROPERTIES LIMITED

Notes to the financial statements For the Year Ended 31 March 2019

13. Debtors: amounts falling due within one year

	2019 £	2018 £
Trade debtors	158,281	103,744
Amounts owed by group undertakings	271,014,633	190,233,902
Amounts owed by related parties (a)	337,463	979,899
Other debtors	1,046,068	40,817
VAT	24,026	1,395,058
Prepayments and accrued income	72,242	138,055
Corporation tax	20,401,665	13,163,767
95 day bank deposit account	25,000,000	-
	<u>318,054,378</u>	<u>206,055,242</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

The amount of receivables due from group undertakings (stated net of provisions) is £271,014,633 (2018 - £190,233,902). At 31 March 2019 the gross amount receivable from group undertakings was £434,733,296 (2018 - £355,633,847). Provisions have been made where recoverability of the receivables is doubtful. At 31 March 2019 provisions totalling £163,718,663 (2018 - £165,399,945) have been made against such receivables. £1,681,282 of the provision was released in the current financial year (2018 - £189,558,834).

	2019 £	2018 £
(a) Amounts owed by related parties		
Ballymore (London Arena) Limited	-	73,064,544
Eco World-Ballymore Embassy Gardens Company Limited (I)	1,451	356,740
Eco World-Ballymore Arrowhead Quay Company Limited (I)	27,000	-
Leamouth General Partner Limited (i)	-	116,432
Ballymore Development Management Limited (II)	8,236	16,938
Ballymore Construction Services Limited (II)	776	57,648
West Hampstead Square LLP (i)	-	1,971
Whistleglade Limited (II)	300,000	430,170
Provisions against receivables from related parties	-	(73,064,544)
	<u>337,463</u>	<u>979,899</u>

(i) Joint ventures of the wider Ballymore Group.

(II) Members of the group headed by Whistleglade Investments Limited which is controlled by S. Mulryan.

BALLYMORE PROPERTIES LIMITED

Notes to the financial statements For the Year Ended 31 March 2019

14. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	931,965	464,384
Amounts owed to group undertakings	294,618,163	263,335,833
Amounts owed to related parties (a)	67,258	646,480
Other taxation and social security	34,183	95,509
Other creditors	2,907,644	2,932,605
Accruals and deferred income	9,361,557	5,900,739
	<u>307,920,770</u>	<u>273,375,550</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

	2019 £	2018 £
(a) Amounts owed to related parties		
Ballymore (London Arena) Limited	-	469,652
S. Mulryan	483	483
Ballymore Construction Services Limited (i)	-	176,345
Ballymore Development Management Limited (i)	2,584	-
Eco World-Ballymore London City Island Company Ltd (ii)	64,191	-
	<u>67,258</u>	<u>646,480</u>

(i) Members of the group headed by Whistleglade Investments Limited which is controlled by S. Mulryan.

(ii) Joint venture of the wider Ballymore Group.

15. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
100,000 (2018 - 100,000) Ordinary shares of £1.00 each	<u>100,000</u>	<u>100,000</u>

BALLYMORE PROPERTIES LIMITED

Notes to the financial statements For the Year Ended 31 March 2019

16. Contingent liabilities

Provisions and accruals are recognised when an outflow of economic benefits for settlement is probable and the amount can be reliably estimated. It should be understood that, in light of possible future developments, such as: (a) potential notices; (b) possible future settlements; and (c) rulings or judgments in pending lawsuits, certain cases may result in additional liabilities and related costs. At this point in time, we cannot estimate any additional amount of loss or range of loss in excess of the recorded amounts with sufficient certainty to allow such amount or range of amounts to be meaningful. Moreover, if and to the extent that the contingent liabilities materialise, they are typically paid over a number of years and the timing of such payments cannot be predicted with confidence. While the outcome of said notices, cases, claims and disputes cannot be predicted with certainty, we believe, based upon legal advice and information received, that the final outcome will not materially affect our financial position but could be material to our results of operations or cash flows in any one accounting period.

17. Pension commitments

The company operates a defined contribution pension scheme for certain of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company and amounted to £24,464 (2018 - £19,661).

18. 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 provided a guarantee in respect of an £82 million term loan facility agreement entered into by another group company with Lloyds Bank Plc during the previous year.

BALLYMORE PROPERTIES LIMITED

Notes to the financial statements For the Year Ended 31 March 2019

19. Controlling party and related party transactions

The company's immediate parent company is Ballymore Limited, a company incorporated in England and Wales. The company's ultimate parent company is Ballymore Properties Unlimited Company incorporated in the Republic of Ireland.

The largest group in which the results of the company are consolidated is that headed by Ballymore Properties Unlimited Company.

The smallest group in which the results of the company are consolidated is that headed by Ballymore Limited. The consolidated financial statements of Ballymore Limited are available from the company's registered office which is 4th Floor, 161 Marsh Wall, London, E14 9SJ.

The company has availed of the exemption available in FRS 102.33.1A from disclosing transactions with Ballymore Properties Unlimited Company and its wholly owned subsidiary undertakings.

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

	2019 £	2018 £
Sales on normal trading terms to:		
Ballymore (London Arena) Limited	-	100
West Hampstead Square LLP	47,299	1,911,286
Ballymore Development Management Limited	-	108,573
Leamouth Limited Partnership Limited	-	2,003,018
Eco World-Ballymore Holding Company Limited & its subsidiaries	65,214	298,909
Ballymore Construction Services Limited	-	268,413
Whistleglade Limited	250,000	358,475
	<u>382,513</u>	<u>4,938,774</u>

The company has entered into an agreement with Ballymore Development Management Limited and Ballymore Construction Services Limited, for the provision of professional services. Mr D. Pearson and Mr J. Mulryan are directors of Ballymore Development Management Limited and Ballymore Construction Services Limited which are also controlled by Mr S. Mulryan. During the current year, Ballymore Development Management Limited charged £Nil (2018: £137,031) and Ballymore Construction Services Limited charged £Nil (2018: £144,772) for services provided to the company.

20. Post balance sheet events

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