

Headaid Limited

Directors' report and
financial statements

Year ended 31 March 2009

Registered Number 03658993

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Headaid Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditor's report	4
Statement of accounting policies	6
Profit and loss account	7
Statement of total recognised gains and losses	8
Note of historical cost profits and losses	8
Balance sheet	9
Notes forming part of the financial statements	10

Headaid Limited

Directors and other information

Directors	B Fagan S Mulryan D Brophy J Mulryan
Registered office	St John's House 5 South Parade Summertown Oxford OX2 7JL
Registered number	03658993
Secretary	B Fagan
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
Solicitors	Howard Kennedy Harcourt House 19 Cavendish Square London W1A 2AW
Bankers	Fortis Bank S A./N V Camomile Court 23 Camomile Street London EC3A 7PP

Headaid Limited

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 March 2009

Principal activity and results, review of the business and dividend

The principal activity of the company is that of property investment. There has been no significant change to this activity during the year. However, the operating environment for the business has proven to be difficult during the year.

The carrying value of the company's fixed assets as at 31 March 2009 was £13.4 million (2008 £20.0 million). The investment property is valued at open market value as at 31 March 2009.

The results for the year are set out on page 7 of the financial statements. The loss for the year was £6,295,700 (2008 profit £31,691), having provided for an impairment to tangible fixed assets of £6,446,608. The directors do not recommend the payment of a dividend.

Directors

The directors and secretary who held office at the year end and subsequent to the year end are listed on page 1.

Mr T Farrow resigned as a director of the company on 11 November 2008.

Mr D Badger was appointed as a director of the company on 19 November 2008 and resigned on 10 July 2009.

Mr R Hardy resigned as a director of the company on 21 January 2009.

Mr J Mulryan was appointed as a director of the company on 14 October 2009.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG, Chartered Accountants will therefore continue in office.

On behalf of the board


B Fagan
Director

11 November 2009

Headaid Limited

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that year

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They 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

On behalf of the board

B Fagan
Director





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

Independent auditor's report to the members of Headaid Limited

We have audited the financial statements of Headaid Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Note of Historical Cost Profit and Losses, Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities on page 3, the directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Independent auditor's report to the members of Headaid Limited *(continued)*

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

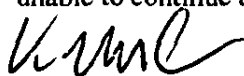
Emphases of matter – valuation of properties and going concern

In forming our opinion on these financial statements, which is not qualified, we have considered the adequacy of the disclosures made in (i) Note 1 concerning the company's ability to continue as a going concern and (ii) Note 9 concerning the uncertainty associated with the assessment of the carrying value of property assets under current market conditions.

The company has bank loans of £13.0 million that are repayable within one year. As outlined in Note 1, to which we draw your attention, the company's ability to continue as a going concern is largely dependent on the continued financial support of its bank.

The company's principal asset comprises investment properties with a carrying value of £13.4 million. Given the inherent subjectivity in the assessment of the carrying value of property assets under current market conditions, we draw your attention to the uncertainty, as outlined in Note 9.

The financial statements do not include any adjustments or disclosures that would be required if the company was unable to recover the full carrying value of its investment properties or if the company was unable to continue as a going concern.



Chartered Accountants
Registered Auditor
Dublin

11 November 2009

Headaid Limited

Statement of accounting policies

for the year ended 31 March 2009

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

Basis of preparation of financial statements

The financial statements have been prepared in accordance with generally accepted accounting principles under the historical cost accounting convention, as modified to include the revaluation of investment properties and comply with financial reporting standards of the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in England and Wales

Turnover

Turnover, which is stated net of VAT, represents rental income recognised on an accruals basis. Turnover is earned entirely within the United Kingdom.

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. 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.

Taxation

Taxation is provided on taxable profits arising at current rates.

Deferred taxation is accounted for, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19 - *Deferred Tax*. Provision is made at the tax rates which are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised only to the extent that it is considered more likely than not they will be recovered.

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.

Headaid Limited

Profit and loss account for the year ended 31 March 2009

	<i>Note</i>	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Turnover – continuing operations	2	1,067,400	1,067,400
Cost of sales	3	(6,457,158)	-
		<hr/>	<hr/>
Gross (loss)/profit		(5,389,758)	1,067,400
Administration expenses		(1,500)	(78,162)
		<hr/>	<hr/>
Operating (loss)/profit – continuing operations		(5,391,258)	989,238
Interest payable and similar charges	4	(909,356)	(963,858)
Interest receivable	5	4,914	6,311
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	6	(6,295,700)	31,691
Tax on (loss)/profit on ordinary activities	8	-	-
		<hr/>	<hr/>
(Loss)/profit for the year	14	(6,295,700)	31,691
		<hr/>	<hr/>

The company has no recognised gains or losses in the year or preceding financial year other than those dealt with in the profit and loss account

B Fagan
Director



Headaid Limited

Statement of total recognised gains and losses for the year ended 31 March 2009

	<i>Note</i>	2009 £'000	2008 £'000
(Loss)/profit for the financial year	<i>14</i>	(6,295,700)	31,691
Unrealised deficit on revaluation of investment property	<i>13</i>	(118,392)	-
		<hr/>	<hr/>
Total recognised gains and losses for the year	<i>15</i>	(6,414,092)	31,691
		<hr/>	<hr/>

Note of historical cost profits and losses for the year ended 31 March 2009

	<i>Note</i>	2009 £'000	2008 £'000
Reported (loss)/profit on ordinary activities before taxation		(6,295,700)	31,691
Revaluation surplus realised on disposal of investment property		-	-
		<hr/>	<hr/>
Historical cost (loss)/profit on ordinary activities before taxation		(6,295,700)	31,691
		<hr/>	<hr/>
Historical cost (loss)/profit for the year		(6,295,700)	31,691
		<hr/>	<hr/>

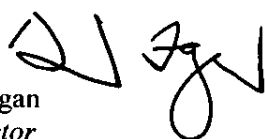
Headaid Limited

Balance sheet as at 31 March 2009

	Notes	31 March 2009 £	31 March 2008 £
Fixed assets			
Tangible fixed assets	9	13,435,000	20,000,000
		<hr/>	<hr/>
Current assets			
Cash at bank and in hand		291,523	1,781
Creditors amounts falling due within one year	10	(18,845,438)	(18,706,604)
		<hr/>	<hr/>
Net current liabilities		(18,553,915)	(18,704,823)
		<hr/>	<hr/>
Net (liabilities)/assets		(5,118,915)	1,295,177
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	2	2
Revaluation reserve	13	-	118,392
Profit and loss account	14	(5,118,917)	1,176,783
		<hr/>	<hr/>
Shareholders' (deficit)/funds	15	(5,118,915)	1,295,177
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 11 November 2009 and were signed on its behalf by

B Fagan
Director



Headaid Limited

Notes (forming part of the financial statements)

1 Basis of preparation – going concern

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in England and Wales

The financial statements are prepared in UK sterling which is the reporting currency of the company

The company's ability to realise the value of its property related assets and continue as a going concern is largely dependent on the continued financial support of its bank. The directors reviewed financial projections for a period of 12 months from the date of approval of these financial statements and assessed the company's required credit facilities. The directors also note that, notwithstanding the difficult market conditions, the company continues to negotiate the renewal of its banking facilities and continues to put in place new credit facilities with its bank. On the basis of the company's existing credit facilities, its strong ongoing relationships with its bank, the continuation of funding and having reviewed financial projections, the directors believe that appropriate funding will be available to the company to meet its obligations for the foreseeable future.

The company is a wholly owned subsidiary of Ballymore Properties Holdings Limited which has also indicated that it will continue to provide funds to enable the company to meet its obligations as they fall due for the next twelve months. However, there are a number of material uncertainties which may cast doubt on the ability of the Ballymore Properties Holdings Limited group to continue as a going concern. These matters include the ability of the group to successfully repay, refinance or renew bank facilities of £1,295 million which fall due by 31 March 2010 and £7 million which falls due by 31 March 2011 and to secure continuing support from the group's bankers in the event of any breaches of covenants in a climate of deteriorating property values. While the ultimate outcome of these matters cannot be assessed with certainty at this time, nevertheless, having considered the basis of preparation and the assumptions underlying the group's cashflow projections together with assessing the current status of negotiations with the group's current lenders, the directors of the group have a reasonable expectation that the group will be able to meet its liabilities as they fall due for the foreseeable future.

It is on the basis of the above factors that the directors consider it appropriate to prepare the financial statements on a going concern basis.

2 Turnover	2009 £	2008 £
Rental income	1,067,400	1,067,400

All turnover is generated in the United Kingdom

3 Cost of sales

Cost of sales includes a provision of £6,446,608 (2008 £Nil) in respect of tangible fixed assets

Headaid Limited

Notes (continued)

4	Interest payable and similar charges	2009	2008
		£	£

On bank loans and overdrafts due to be repaid wholly within five years, none of which are repayable by instalments	909,356	963,858
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5	Interest receivable	2009	2008
		£	£

Interest receivable on bank deposits	4,914	6,311
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6	Statutory information	2009	2008
		£	£

Profit on ordinary activities before taxation is stated after charging Auditor's remuneration	-	-
Directors' remuneration	-	-

Audit fees are discharged by another group company

7 Staff numbers and costs

The company has no employees No emoluments are paid to the directors of the company

Headaid Limited

Notes (continued)

8 Taxation	2009	2008
	£	£
Tax on (loss)/profit on ordinary activities	-	-

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

	2009	2008
	£	£
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(6,295,700)	31,691
Current tax at 28% (2008. 30%)	(1,762,796)	9,507
<i>Effects of</i>		
Group relief	(42,254)	(9,507)
Write down of capital assets	1,805,050	-
Total current tax charge	-	-

The UK corporation tax rate is currently 28% It was reduced from 30% effective from 1 April 2008

Headaid Limited

Notes (continued)

9 Tangible fixed assets

	Freehold investment properties £
<i>Cost or valuation</i>	
At beginning of year	20,000,000
Revaluation	(118,392)
Impairment	(6,446,608)
	<hr/>
At end of year	13,435,000
	<hr/>
Cost	-
Valuation	13,435,000
	<hr/>

The investment property was valued by the directors of the company on an open market basis on 31 March 2009 at £13,435,000. The valuation of the investment properties as at the date of approval of the financial statements is subject to uncertainty in light of current market conditions where property assets are relatively illiquid.

The historical cost of the investment property is £13,435,000 (2008: £19,881,608).

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. At present it is not envisaged that any tax will become payable in the foreseeable future.

10 Creditors: amounts falling due within one year

	2009 £	2008 £
Bank loans and overdraft (note 11)	13,019,805	13,092,462
Amounts owed to group undertakings	5,422,730	5,151,880
Other creditors, including tax	133,456	133,456
Accruals and deferred income	269,447	328,806
	<hr/>	<hr/>
	18,845,438	18,706,604
	<hr/>	<hr/>

Headaid Limited

Notes (continued)

11 Bank borrowings	Within one year £	Total £
Repayable other than by instalments	13,019,805	13,019,805

The bank loan is secured by fixed and floating charges over assets of the company. The bank loan expired on 28 November 2008 and had not been called for payment as at the date of approval of the financial statements. The company is in the process of refinancing the loan with its funder.

12 Share capital	2009 £	2008 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2

13 Revaluation reserve	2009 £	2008 £
At beginning of year	118,392	118,392
Unrealised deficit on revaluation of investment property	(118,392)	-
At end of year	-	118,392

14 Reconciliation of profit and loss account	2009 £	2008 £
At beginning of year	1,176,783	1,145,092
(Loss)/profit for the year	(6,295,700)	31,691
At end of year	(5,118,917)	1,176,783

Headaid Limited

Notes (continued)

15 Reconciliation of movement in shareholders' (deficit)/funds	2009	2008
	£	£
At beginning of year	1,295,177	1,263,486
Total recognised gains and losses for the year	(6,414,092)	31,691
	<hr/>	<hr/>
At end of year	(5,118,915)	1,295,177
	<hr/>	<hr/>

16 Related parties and control

The company is a subsidiary of Ballymore Properties Limited, a company incorporated in England and Wales. That company's parent is Ballymore Limited, a company incorporated in England and Wales whose parent is Ballymore Properties Holdings Limited, a company incorporated in England and Wales. The company's ultimate parent company is Ballymore Properties a company incorporated in the Republic of Ireland. The company was controlled throughout the year by Mr S Mulryan.

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

The smallest group in which the results of the company are consolidated is that headed by Ballymore Properties Limited. The consolidated financial statements of Ballymore Properties Limited are available from the company's registered office which is St Johns House, 5 South Parade, Summertown, Oxford, OX2 7JL.

The company has availed of the exemption available in FRS 8 - *Related Party Disclosures*, from disclosing transactions with Ballymore Properties Limited and its subsidiary companies.

17 Cash flow statement

A separate cash flow statement has not been prepared under FRS 1 - *Cash Flow Statements*, as a consolidated cash flow statement has been prepared and included in the consolidated financial statements of Ballymore Properties Limited and its subsidiaries.

18 Post balance sheet events

The company's bank loan expired on 28 November 2008 and had not been called for payment. The company completed the sale of its asset on 1 April 2009 for a consideration equal to its cost value.

19 Approval of financial statements

The directors approved the financial statements on 11 November 2009.