

# **Ballymore Properties (Lanark Square) Limited**

## **Directors' report and financial statements**

**Year ended 31 March 2010**

***Registered number 04065907***



# Ballymore Properties (Lanark Square) Limited

## Directors' report and financial statements

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# Ballymore Properties (Lanark Square) Limited

## Directors and other information

### Directors

B Fagan  
D Brophy  
J Mulryan

### Secretary

B Fagan

### Registered office

St Johns House  
5 South Parade  
Summertown  
Oxford  
OX2 7JL

### Auditor

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

### Solicitors

Howard Kennedy  
Harcourt House  
19 Cavendish Square  
London  
W1A 2AW

# Ballymore Properties (Lanark Square) Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2010

### Principal activities, business review and future developments

The principal activity of the company is that of property investment. There has been no significant change in this activity during the year.

The results for the year are set out on page 7 of the financial statements. The loss for the year was £23,210 (2009: loss £314,300). The directors do not recommend the payment of a dividend.

The carrying value of the company's tangible fixed assets as at 31 March 2009 is £4.2 million (2009: £4.2 million). The investment property is stated in the financial statements at open market value.

### Directors

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

Mr J. Mulryan was appointed as a director on 14 October 2009. Mr D. Badger resigned as a director of the company on 10 July 2010.


### 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 directors 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 reappointed and KPMG will therefore continue in office.

On behalf of the board



B Fagan  
Director

# Ballymore Properties (Lanark Square) Limited

## Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and 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 UK Accounting Standards.

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 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 judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that 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 2006. 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.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

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 Ballymore Properties (Lanark Square) Limited**

We have audited the financial statements of Ballymore Properties (Lanark Square) Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (UK 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 on page 3, the directors are responsible for preparing the financial statements and for being satisfied that they give a true and fair view.

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

### **Scope of the audit of the financial statements**

An audit includes 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 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. Further details of the scope of an audit of financial statements are provided on the Auditing Practices Board's website at <http://www.frc.org.uk/apb/scope/UKNP.cfm>.



## Independent auditor's report to the members of Ballymore Properties (Lanark Square) Limited

*(continued)*

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

### *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 8 concerning the uncertainty associated with the assessment of the carrying value of property assets under current market conditions

The company has bank loans of £4.3 million. 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 lenders.

The company's principal asset comprises investment properties with a carrying value of £4.2 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 8.

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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report is consistent with the financial statements.



**Independent auditor's report to the members of Ballymore Properties (Lanark Square) Limited**

*(continued)*

**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, 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



*Gary Britton (Senior Statutory Auditor)*

*16 December 2010*

*for and on behalf of KPMG, Statutory Auditor  
Dublin*



# Ballymore Properties (Lanark Square) Limited

## Profit and loss account

for the year ended 31 March 2010

	Notes	2010 £	2009 £
<b>Turnover - continuing operations</b>	2	<b>347,424</b>	351,146
Cost of sales	3	<u>(3,129)</u>	<u>(364,345)</u>
<b>Gross profit/(loss)</b>		<b>344,295</b>	(13,199)
Administration expenses		<u>(188,218)</u>	<u>(13,037)</u>
<b>Operating profit/(loss) - continuing operations</b>	6	<b>156,077</b>	(26,236)
Interest receivable and similar income	4	<b>1,019</b>	1,661
Interest payable and similar charges	5	<u>(283,821)</u>	<u>(289,725)</u>
<b>Loss on ordinary activities before taxation</b>		<b>(126,725)</b>	(314,300)
Tax on loss on ordinary activities	7	<u>103,515</u>	<u>-</u>
<b>Loss for the financial year</b>	13 / 14	<b><u>(23,210)</u></b>	<b><u>(314,300)</u></b>

On behalf of the board

B Fagan  
Director



## Ballymore Properties (Lanark Square) Limited

### Statement of total recognised gains and losses *for the year ended 31 March 2010*

	2010	2009
	£	£
<b>Loss for the financial year</b>	<b>(23,210)</b>	<b>(314,300)</b>
Unrealised deficit on revaluation of investment property	<u>-</u>	<u>(69,428)</u>
<b>Total recognised losses relating to the year</b>	<b><u>(23,210)</u></b>	<b><u>(383,728)</u></b>

# Ballymore Properties (Lanark Square) Limited

## Balance sheet

at 31 March 2010

	Notes	2010 £	2009 £
<b>Fixed assets</b>			
Tangible assets	8	<u>4,175,000</u>	<u>4,175,000</u>
<b>Current assets</b>			
Debtors	9	113,447	151,282
<b>Creditors: amounts falling due within one year</b>	10	<u>(4,299,639)</u>	<u>(114,264)</u>
<b>Net current (liabilities)/assets</b>		<u>(4,186,192)</u>	<u>37,018</u>
<b>Total assets less current liabilities</b>		(11,192)	4,212,018
<b>Creditors: amounts falling due after more than one year</b>	11	<u>-</u>	<u>(4,200,000)</u>
<b>Net (liabilities)/assets</b>		<u>(11,192)</u>	<u>12,018</u>
<b>Capital and reserves</b>			
Called up share capital	12	1	1
Profit and loss account	13	<u>(11,193)</u>	<u>12,017</u>
<b>Shareholders' (deficit)/funds</b>	14	<u>(11,192)</u>	<u>12,018</u>

The financial statements were approved by the board of directors on 16/12/2010 and were signed on its behalf by

B Fagan  
Director



# Ballymore Properties (Lanark Square) Limited

## Notes

*forming part of the financial statements*

### 1 Significant accounting policies

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 - going concern**

The financial statements have been prepared in accordance with generally accepted accounting principles under the historical cost convention, as modified to include the revaluation of investment properties 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 continue as a going concern is largely dependent on the continued financial support of its lender. The company's bank borrowings have now been transferred to the National Asset Management Agency ("NAMA")

NAMA is a special purpose vehicle that has been established by the Irish government on a statutory basis in order to manage acquired loans with the aim of achieving the best possible return for the Irish taxpayer over a 7 to 10 year timeframe

The company is reliant on NAMA to continue to renew terms, extend facilities and waive covenants as deemed appropriate, on the company's loans. This forbearance is necessary for the company to continue as a going concern

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

#### **Turnover**

Turnover, which is stated net of VAT, represents rental income recognised on an accruals basis. Turnover is attributable to the principal activities of the company and is earned entirely within the United Kingdom

#### **Interest payable**

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

# Ballymore Properties (Lanark Square) Limited

## Notes (*continued*)

### 1 Significant 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. 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 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 that they will be recovered.

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.

#### **Cash flow statement**

As the company qualifies as a small company, the directors have availed of the exemption contained in Financial Reporting Standard 1 and, accordingly, no cash flow statement is presented.

# Ballymore Properties (Lanark Square) Limited

## Notes *(continued)*

### 2 Turnover

	2010 £	2009 £
Rental income	<u>347,424</u>	<u>351,146</u>

All turnover is generated in the United Kingdom

### 3 Cost of sales

Prior year cost of sales included a provision of £355,572 in respect of tangible fixed assets

4 Interest receivable and similar income	2010 £	2009 £
Interest receivable	<u>1,019</u>	<u>1,661</u>

5 Interest payable and similar charges	2010 £	2009 £
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On bank loans, overdrafts due to be repaid wholly within five years, none of which are repayable by instalments

<u>283,821</u>	<u>289,725</u>
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### 6 Statutory and other information

*Operating profit/(loss) is stated after charging*

Auditor's remuneration	<u>9,785</u>	<u>-</u>
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In the prior year audit fees were discharged by a group undertaking. No emoluments are paid to the directors of the company. The company has no employees (2009: none).

Administration expenses includes provisions against intercompany receivables of £164,179 (2009: £nil). This provision reflects falls in the underlying asset value in the debtor group companies.

# Ballymore Properties (Lanark Square) Limited

## Notes (*continued*)

### 7 Tax on loss on ordinary activities

	2010 £	2009 £
<i>Current tax</i>		
Adjustment relating to an earlier period	(103,515)	-
Tax on loss on ordinary activities	<u>(103,515)</u>	<u>-</u>

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

	2010 £	2009 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	<u>(126,725)</u>	<u>(314,300)</u>
Current tax at 28% (2009 28%)	<u>(35,483)</u>	<u>(88,004)</u>
<i>Effects of</i>		
Expenses not deductible for tax purposes	46,846	-
Adjustments to tax charge in respect of previous periods	(103,515)	-
Group relief	(11,363)	(11,556)
Write down of capital assets	-	99,560
Total current tax charge	<u>(103,515)</u>	<u>-</u>

There is no unprovided deferred tax at 31 March 2010 (31 March 2009 £nil)

# Ballymore Properties (Lanark Square) Limited

## Notes (continued)

<b>8</b>	<b>Tangible fixed assets</b>	Freehold investment properties £
	<i>Valuation</i>	
	<b>At beginning and end of year</b>	<b><u>4,175,000</u></b>

The investment property was valued by the directors of the company on an open market basis at 31 March 2010 at £4,175,000. However, the valuation of the company's investment property as at the date of approval of these 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 £4,530,572.

<b>9</b>	<b>Debtors</b>	<b>2010</b> £	<b>2009</b> £
	<i>Amounts falling due within one year</i>		
	Trade debtors	<b>113,447</b>	99,612
	Amounts owed by group undertakings	-	51,670
		<b><u>113,447</u></b>	<b><u>151,282</u></b>

During the year a provision against intercompany receivables of £164,179 was made. This provision reflects falls in the underlying asset value in the debtor group companies.



# Ballymore Properties (Lanark Square) Limited

## Notes (*continued*)

<b>10</b>	<b>Creditors: amounts falling due within one year</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Bank loans	4,268,737	-
	Other creditors including tax and social welfare	-	103,515
	Accruals	30,902	10,749
		<u>4,299,639</u>	<u>114,264</u>
	Tax and social welfare included in other creditors		
	Corporation tax	-	103,515
		<u>-</u>	<u>103,515</u>
	The bank loan is secured by fixed and floating charges over the assets of the company and cross guarantees by certain group undertakings		
<b>11</b>	<b>Creditors: amounts falling due after one year</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Bank loan	-	4,200,000
		<u>-</u>	<u>4,200,000</u>
<b>12</b>	<b>Called up share capital</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	<i>Authorised</i>		
	1,000 ordinary shares of £1 each	1,000	1,000
		<u>1,000</u>	<u>1,000</u>
	<i>Allotted, called up and fully paid</i>		
	1 ordinary share of £1	1	1
		<u>1</u>	<u>1</u>
<b>13</b>	<b>Reconciliation of profit and loss account</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	At beginning of year	12,017	326,317
	Loss for the financial year	(23,210)	(314,300)
	At end of year	<u>(11,193)</u>	<u>12,017</u>

# Ballymore Properties (Lanark Square) Limited

## Notes (continued)

14	Reconciliation of movements in shareholders' (deficit)/funds	2010	2009
		£	£
	At beginning of year	12,018	395,746
	Loss for the financial year	(23,210)	(314,300)
	Revaluation of property	-	(69,428)
	At end of year	<u>(11,192)</u>	<u>12,018</u>

## 15 Related parties and control

The company is a wholly owned 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 period 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. 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 undertakings.

## 16 Post balance sheet events

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

## 17 Fair value of assets and liabilities

The company has a derivative financial instrument, being an interest rate swap, that it has not recognised at fair value. The fair value of this liability is £222,215 (2009: £242,034).

## 18 Approval of financial statements

The directors approved the financial statements on 16 December 2010.