



# Clearstorm Limited

Directors' report and  
financial statements

**Year ended 31 December 2005**

*Registered number: 04151594*





# Clearstorm Limited

## Directors' report and financial statements

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## Clearstorm Limited

### Directors and other information

#### Directors

B. Fagan  
R. Hardy  
W. McCollum

#### Registered office

St Johns House  
5 South Parade  
Summertown  
Oxford  
OX2 7JL

#### Registered number

04151594

#### Secretary

B. Fagan

#### Auditor

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

#### Solicitors

Howard Kennedy Solicitors  
Harcourt House  
19 Cavendish Street  
London  
W1A 2AW

#### Bankers

Irish Nationwide Building Society  
18 Donegall Square East  
Belfast  
BT1 5HE

Allied Irish Bank  
1136 High Road  
North Finchley  
London  
N20 0RA

# Clearstorm Limited

## Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2005.

### Principal activity

The principal activity of the company is that of property development. There was no change in this activity during the year.

### Results and review of the business

A summary of the results of trading for the year is given on page 8 of the financial statements. The loss for the year was £9,044,290 (2004: £3,601,942).

The company is in the process of developing a number of property sites and has incurred losses pending the generation of revenues.

The financial statements have been prepared on a going concern basis on the strength of assurances of continuing support from the shareholders.

### Directors, secretary and their interests

The current directors are listed on page 1.

The directors and secretary who held office at 31 December 2005 had no beneficial interests in the share capital of the company or group companies.

In accordance with the Articles of Association, the directors are not required to retire by rotation.

### Dividends

The directors do not recommend the payment of a dividend.

### Auditor

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board

  
B Fagan  
Director

  
W McCollum  
Director

9 May 2006

## Clearstorm 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.

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

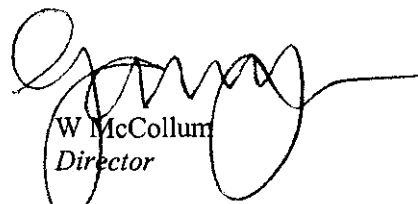
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act, 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a directors' report that complies with the Companies Act, 1985.

On behalf of the board



B Fagan  
Director



W McCollum  
Director



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

## **Independent auditor's report to the members of Clearstorm Limited**

We have audited the financial statements of Clearstorm Limited for the year ended 31 December 2005 which comprise the profit and loss account, 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 company's directors are responsible for the preparation of 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 if, in our opinion, the directors' report is not consistent with the financial statements, 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 implications for our report if we become aware of any apparent misstatements within it.



## Independent auditor's report to the members of Clearstorm 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 judgements 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 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act, 1985.

Chartered Accountants  
Registered Auditor

14 July 2006

## Clearstorm Limited

### Statement of accounting policies *for the year ended 31 December 2005*

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 and comply with financial reporting standards of the Accounting Standards Board.

The shareholders have undertaken to provide funds to enable the company to meet its obligations as they fall due and accordingly the financial statements have been prepared on a going concern basis.

#### *Going concern*

The company is in the process of developing a number of property sites and has incurred losses pending the generation of revenues.

The financial statements have been prepared on a going concern basis on the strength of assurances of continuing support from the shareholders.

#### **Taxation**

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

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

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

#### **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.



## Clearstorm Limited

Statement of accounting policies *(continued)*  
*for the year ended 31 December 2005*

### **Stocks**

#### *Development properties*

Development properties are properties acquired for future development and properties on which only initial development has commenced. They are stated at the lower of cost and net realisable value.

### **Turnover**

Turnover, which is stated net of VAT, represents rental income on an accruals basis. Turnover is continuing, and is earned entirely within the United Kingdom. Turnover is recognised on an accruals basis at each period end.

# Clearstorm Limited

## Profit and loss account for the year ended 31 December 2005

	Note	Year ended 31 December 2005 £	Year ended 31 December 2004 £
<b>Turnover</b>	1	455,525	12,679
Cost of sales		(4,769,847)	(1,615,598)
		<hr/>	<hr/>
<b>Gross loss</b>		(4,314,322)	(1,602,919)
Administration expenses		(4,004)	(10,270)
Other income		16,002	-
		<hr/>	<hr/>
<b>Operating loss</b>	2	(4,302,324)	(1,613,189)
Interest payable and similar charges	3	(4,742,655)	(1,989,314)
Interest receivable and similar charges	4	689	561
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		(9,044,290)	(3,601,942)
Tax on loss on ordinary activities	5	-	-
		<hr/>	<hr/>
<b>Loss on ordinary activities after taxation for the year</b>	11	(9,044,290)	(3,601,942)
		<hr/>	<hr/>

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

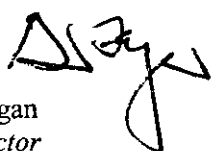
# Clearstorm Limited

## Balance sheet at 31 December 2005

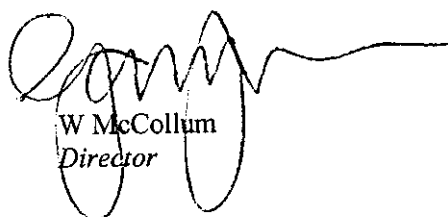
	Note	31 December 2005 £	31 December 2004 £
<b>Current assets</b>			
Stocks	6	71,643,841	35,051,679
Debtors	7	604,276	286,360
Cash at bank		467	505,224
		<hr/>	<hr/>
		72,248,584	35,843,263
<b>Creditors: amounts falling due within one year</b>	8	(402,372)	(1,089,667)
		<hr/>	<hr/>
<b>Net current assets</b>		71,846,212	34,753,596
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		71,846,212	34,753,596
<b>Creditors: amounts falling due after one year</b>	9	(85,194,449)	(39,057,543)
		<hr/>	<hr/>
<b>Net liabilities</b>		(13,348,237)	(4,303,947)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	10	1,000	1,000
Profit and loss account	11	(13,349,237)	(4,304,947)
		<hr/>	<hr/>
<b>Shareholders' deficit - equity interests</b>	12	(13,348,237)	(4,303,947)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 9 May 2006 and were signed on its behalf by:

B Fagan  
Director



W McCollum  
Director



# Clearstorm Limited

## Notes

*forming part of the financial statements*

<b>1 Turnover</b>	<b>Year ended 31 December 2005 £</b>	<b>Year ended 31 December 2004 £</b>
Rental income	<u>455,525</u>	<u>12,679</u>
<b>2 Operating loss</b>	<b>Year ended 31 December 2005 £</b>	<b>Year ended 31 December 2004 £</b>
Operating loss is stated after charging:		
Auditor's remuneration	5,000	5,000
Directors' remuneration	-	-
	<u>-</u>	<u>-</u>
Director's remuneration has been borne by the shareholders on behalf of the company.		
<b>3 Interest payable and similar charges</b>	<b>Year ended 31 December 2005 £</b>	<b>Year ended 31 December 2004 £</b>
On bank loans and overdrafts due to be repaid wholly within 5 years, none of which are repayable by instalments	<u>4,742,655</u>	<u>1,989,314</u>
<b>4 Interest receivable and similar charges</b>	<b>Year ended 31 December 2005 £</b>	<b>Year ended 31 December 2004 £</b>
Interest receivable on deposits	<u>689</u>	<u>561</u>

# Clearstorm Limited

## Notes (continued)

### 5 Taxation

No charge to corporation tax arises due to losses incurred. A deferred tax asset in respect of tax losses forward has not been recognised as future taxable profits are not virtually certain.

6 Stocks and work in progress	31 December 2005 £	31 December 2004 £
Development properties stated at cost	71,643,841	35,051,679

There are no material differences between the replacement cost of stock and the balance sheet amounts.

7 Debtors	31 December 2005 £	31 December 2004 £
Trade debtors	21,236	-
Prepayments & accrued income	123,674	-
VAT recoverable	459,366	286,360
	<u>604,276</u>	<u>286,360</u>

All debtors fall due within one year.

8 Creditors: amounts falling due within one year	31 December 2005 £	31 December 2004 £
Accruals	30,000	30,000
Amounts owed to Ballymore Properties Limited	372,372	1,059,667
	<u>402,372</u>	<u>1,089,667</u>

# Clearstorm Limited

## Notes (continued)

<b>9 Creditors: amounts falling due after one year</b>	<b>31 December 2005 £</b>	<b>31 December 2004 £</b>
Bank loans and overdrafts	<b>85,194,449</b>	<b>39,057,543</b>

The bank loans are secured by fixed and floating charges over the assets of the company. The bank loans are repayable between two and five years.

<b>10 Share capital</b>	<b>31 December 2005 £</b>	<b>31 December 2004 £</b>
<i>Authorised</i>		
510 'A' ordinary shares of £1 each	<b>510</b>	<b>510</b>
490 'B' ordinary shares of £1 each	<b>490</b>	<b>490</b>
	<b>1,000</b>	<b>1,000</b>
<i>Allotted, called up and fully paid</i>		
510 'A' ordinary shares of £1 each	<b>510</b>	<b>510</b>
490 'B' ordinary shares of £1 each	<b>490</b>	<b>490</b>
	<b>1,000</b>	<b>1,000</b>

<b>11 Profit and loss account</b>	<b>31 December 2005 £</b>	<b>31 December 2004 £</b>
At beginning of year	<b>(4,304,947)</b>	<b>(703,005)</b>
Loss for the year	<b>(9,044,290)</b>	<b>(3,601,942)</b>
<b>At end of year</b>	<b>(13,349,237)</b>	<b>(4,304,947)</b>

# Clearstorm Limited

## Notes (continued)

<b>12 Reconciliation of movement in shareholders' deficit</b>	<b>31 December 2005 £</b>	<b>31 December 2004 £</b>
Shareholders' deficit at beginning of year	(4,303,947)	(702,005)
Loss for the year	(9,044,290)	(3,601,942)
	<hr/>	<hr/>
<b>Shareholders' deficit at end of year</b>	<b>(13,348,237)</b>	<b>(4,303,947)</b>
	<hr/>	<hr/>

## 13 Ultimate holding entity

The company is owned 51% and 49% by Irish Nationwide Building Society and Ballymore Properties Limited respectively. Irish Nationwide Building Society is incorporated and operates in the Republic of Ireland. Ballymore Properties Limited is incorporated and operates in the United Kingdom. The directors of the company consider Irish Nationwide Building Society to be the ultimate holding entity. The largest group into which the results of the company are consolidated is that headed by Irish Nationwide Building Society. The consolidated financial statements of Irish Nationwide Building Society are available to the public at Nationwide House, Grand Parade, Dublin 6.

The company has availed of the exemption in Financial Report Standard No 8 Related Party Disclosures, from disclosing transactions with group companies.

## 14 Future commitments

The company has contractual obligations to pay additional commitments of £12 million on development land when certain milestones are achieved.

Additional amounts may become payable to property vendors in the event that specified density targets are exceeded.

## 15 Cash flow statement

A cash flow statement has not been prepared under Financial Reporting Standard No. 1 - Cash Flow Statements, as the company is entitled to an exemption by virtue of its size.

## 16 Post balance sheet events

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

## 17 Approval of financial statements

The directors approved the financial statements on 9 May 2006.