

Clearstorm Limited

Directors' report and financial statements

Year ended 31 March 2010

Registered number 04151594



Clearstorm Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Directors' report	2 - 3
Statement of directors' responsibilities	4
Independent auditor's report	5 - 6
Profit and loss account	7
Balance sheet	8
Notes forming part of the financial statements	9 - 17

Clearstorm 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

Solicitors

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

Clearstorm 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 development. 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 results for the year are set out on page 7 of the financial statements. The loss for the year was £19,738,996 (2009: £353,947). The directors do not recommend the payment of a dividend.

The carrying value of stock as at 31 March 2010 was £183.0 million (31 March 2009: £193.8 million).

Each year, the directors review the carrying values of stock in the context of the current market conditions, and where necessary, restate these assets at the lower of cost and net realisable value. In determining the realisable value, the directors appraise the eventual financial outcome on the stock item. They consider the various risks associated with development, including planning risk, construction risk and programme risk. They also examine the prudence of the assumptions underlying an appraisal including the timeline to complete, future attributable costs to complete (including planning, construction, marketing and financial costs where appropriate) and the eventual proceeds the group would expect to receive from the sale of the stock item. On this basis, the directors have provided for an impairment in the value of stock of £19.4 million.

Directors

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

D. Badger resigned as a director on 10 July 2009. J. Mulryan was appointed as a director 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 directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Clearstorm Limited

Directors' report (*continued*)

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

A handwritten signature in black ink, appearing to be 'B Fagan', written over the printed name.

Clearstorm 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 Clearstorm Limited

We have audited the financial statements of Clearstorm Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, 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, 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 Clearstorm 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 7 concerning the uncertainty associated with the assessment of the carrying value of property assets under current market conditions

The company has loans of £194.5 million and amounts payable to group companies of £17.1 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 forbearance of fellow group companies in respect of amounts owed to them and on the continued financial support of its lender.

The company's principal assets comprise work in progress and development properties with a carrying value of £183.0 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 7.

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 work in progress and development properties or if the company was unable to continue as a going concern.

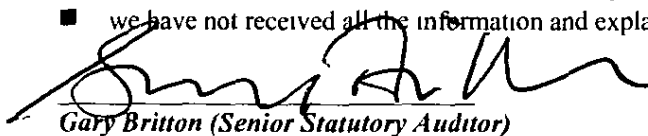
Opinion on other matter prescribed by the Companies Act 2006

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

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

Clearstorm Limited

Profit and loss account

for the year ended 31 March 2010

	Notes	2010 £	2009 £
Turnover - continuing operations	2	155,040	139,181
Cost of sales		<u>(19,421,847)</u>	<u>-</u>
Gross (loss)/profit		(19,266,807)	139,181
Administration expenses		<u>(612,654)</u>	<u>(493,632)</u>
Operating loss - continuing operations	3	(19,879,461)	(354,451)
Interest receivable and similar income	4	<u>465</u>	<u>504</u>
Loss on ordinary activities before taxation		(19,878,996)	(353,947)
Tax on loss on ordinary activities	6	<u>140,000</u>	<u>-</u>
Loss for the financial year	12 /13	<u>(19,738,996)</u>	<u>(353,947)</u>

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

Clearstorm Limited

Balance Sheet

at 31 March 2010

	Notes	2010 £	2009 £
Current assets			
Stocks	7	183,042,750	193,765,448
Debtors	8	974,857	1,611,084
Cash at bank and in hand		663,580	915,941
		<u>184,681,187</u>	<u>196,292,473</u>
Creditors: amounts falling due within one year	9	<u>(17,151,817)</u>	<u>(198,563,845)</u>
Total assets less current liabilities		<u>167,529,370</u>	<u>(2,271,372)</u>
Creditors: amounts falling due after more than one year	10	<u>(204,789,738)</u>	<u>(15,250,000)</u>
Net liabilities		<u>(37,260,368)</u>	<u>(17,521,372)</u>
Capital and reserves			
Called up share capital	11	1,000	1,000
Profit and loss account	12	<u>(37,261,368)</u>	<u>(17,522,372)</u>
Shareholders' deficit	13	<u>(37,260,368)</u>	<u>(17,521,372)</u>

The financial statements were approved by the board of directors on 16/12/10 and were signed on its behalf by

B Fagan
Director



Clearstorm 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 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 forbearance of its parent company, Ballymore Properties Limited, in respect of amounts owed to it of £17.1 million and is also linked to the performance of the Ballymore Properties group. The company is a member of a group headed by Ballymore Properties. An intermediate parent company, Ballymore Properties Holdings Limited has indicated that it will continue to support the company and accordingly the financial statements have been prepared on a going concern basis.

However the future performance of the Ballymore Properties group ("the group") in the markets in which it operates will be influenced by the macro-economic, financial, credit and property industry conditions, which are outside of the group's control. Ongoing difficulties in the economic environment, with continued negative repercussions for both financial institutions and the property market, could materially impact the property portfolio assembled by Ballymore Properties and affect the group's ability to meet its longer term financing requirements.

In addition, a significant proportion of the group's bank borrowings (including the company's bank borrowings) previously held by Irish financial institutions 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.

As required by NAMA, the group has submitted a detailed business plan with a view to seeking NAMA's approval of that plan. While formal approval of the group's business plan has yet to be completed, the directors are confident that such approval will be forthcoming and hence have prepared the financial statements on a going concern basis.

The directors of the company assess the basis of preparation of the financial statements each year, and whether it is appropriate to prepare them on a going concern basis. In doing so, they assess the financial plan and cashflow projections for the group. The following represent the key assumptions of that financial plan:

- The acceptance by NAMA of the group's business plan, and the ability of the group to successfully implement the plan,

- bank loans falling due for repayment in the coming financial year with NAMA and other financial institutions will be renewed on terms consistent with the existing loan arrangements,

Clearstorm Limited

Notes *(continued)*

1 Significant accounting policies *(continued)*

-in the case of current breaches of bank covenants and any future breaches of bank covenants that arise, that the related loan facilities will be re-negotiated and renewed,

-the group will continue to realise sufficient cash through bank financing and property disposal transactions during the course of 2010/2011 that will enable it to meet working capital and other commitments as they arise

Based on the above assumptions, the directors believe that the group will have sufficient cash reserves and debt facilities to meet its ongoing requirements for at least 12 months from the date of approval of the financial statements

The directors of the company have concluded that the above factors represent material uncertainties. Failure to deliver on the above assumptions may cast significant doubt on the ability of the group and company to continue as a going concern and it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, having considered the basis of preparation and the assumptions underlying the group's cashflow projections together with assessing the status of negotiations with NAMA and the group's other lenders, and assuming the renewal of expiring facilities and continued forbearance of its lenders, the directors of the group and company have a reasonable expectation that the group and company will be able to meet its liabilities as they fall due for the foreseeable future.

It is on this basis that the directors consider it appropriate to prepare the financial statements on a going concern basis. These financial statements do not include any adjustment that would result from the going concern basis of preparation being inappropriate.

Turnover

Turnover, which is stated net of VAT, represents rental income recognised on an accruals basis. Turnover is continuing, 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.

Interest bearing borrowings

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

Clearstorm Limited

Notes *(continued)*

1 Significant accounting policies *(continued)*

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.

Work in progress

Work in progress comprises properties currently being developed stated at the lower of cost and net realisable value. Net realisable value is defined as the current selling price of the completed development less all further costs to completion as estimated by the directors. Costs include interest and finance fees which are capitalised from the date of commencement of development until the development is completed. Interest is calculated by reference to specific borrowing.

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.

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.

Clearstorm Limited

Notes (continued)

2 Turnover

	2010 £	2009 £
Rental income	<u>155,040</u>	<u>139,181</u>

All turnover is generated in the United Kingdom

3 Statutory and other information

Operating loss is stated after charging

Auditor's remuneration	<u>9,813</u>	<u>-</u>
------------------------	--------------	----------

In the prior year audit fees were discharged by a group undertaking. No emoluments are paid to the director of the company. The company has no employees (2009: none)

4 Interest receivable and similar income

	2010 £	2009 £
Interest receivable on deposits	<u>465</u>	<u>504</u>

5 Interest payable and similar charges

	2010 £	2009 £
On bank loans, overdrafts due to be repaid wholly within five years	-	11,955,034
Less capitalised interest included in stock	-	(11,955,034)
	<u>-</u>	<u>-</u>

Clearstorm Limited

Notes (continued)

6 Tax on loss on ordinary activities

	2010 £	2009 £
<i>Current tax</i>		
Adjustment relating to an earlier period	(140,000)	-
Tax on loss on ordinary activities	(140,000)	-

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	(19,878,996)	(353,947)
Current tax at 28%	(5,566,119)	(99,105)
<i>Effects of</i>		
Movement in tax losses	5,566,119	99,105
Adjustments to tax charge in respect of previous periods	(140,000)	-
Total current tax credit	(140,000)	-

Clearstorm Limited

Notes (continued)

7	Stocks	2010	2009
		£	£
	Work in progress, stated at cost	78,955,474	74,998,735
	Development properties, stated at cost	104,087,276	118,766,713
		<u>183,042,750</u>	<u>193,765,448</u>

The amount at which stock is stated includes capitalised interest of £34,991,412 (2009 £29,040,550)

The valuation of the company's work in progress and development properties 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

8	Debtors	2010	2009
		£	£
	Amounts falling due within one year		
	Trade debtors	34,939	36,455
	Prepayments and accrued income	939,918	1,574,629
		<u>974,857</u>	<u>1,611,084</u>

9	Creditors: amounts falling due within one year	2010	2009
		£	£
	Bank loans (note 10)	-	180,748,751
	Trade creditors	56,004	44,582
	Amounts owed to group undertakings	17,065,813	17,600,512
	Other creditors	-	140,000
	Accruals and deferred income	30,000	30,000
		<u>17,151,817</u>	<u>198,563,845</u>

Clearstorm Limited

Notes (continued)

10	Creditors: amounts falling due after one year	2010 £	2009 £
	Bank loan	194,539,738	-
	Deferred purchase consideration	10,250,000	15,250,000
		<u>204,789,738</u>	<u>15,250,000</u>

The bank loans are secured by fixed and floating charges over the assets of the company

The lender is entitled to receive contingent finance fees based on a percentage of the profits earned on the successful development of the company's properties

The deferred purchase consideration may increase by up to £7,500,000 in the event that specified density targets are exceeded. The deferred purchase consideration is secured by a first legal charge on the property.

11	Called up share capital	2010 £	2009 £
	<i>Authorised</i>		
	510 'A' ordinary shares of £1 each	510	510
	490 'B' ordinary shares of £1 each	490	490
		<u>1,000</u>	<u>1,000</u>
	<i>Allotted, called up and fully paid</i>		
	510 'A' ordinary shares of £1 each	1,000	510
	490 'B' ordinary shares of £1 each	-	490
		<u>1,000</u>	<u>1,000</u>

12	Reconciliation of profit and loss account	2010 £	2009 £
	At beginning of year	(17,522,372)	(17,168,425)
	Loss for the financial year	(19,738,996)	(353,947)
	At end of year	<u>(37,261,368)</u>	<u>(17,522,372)</u>

Clearstorm Limited

Notes (continued)

13	Reconciliation of movements in shareholders' deficit	2010 £	2009 £
	At beginning of year	(17,521,372)	(17,167,425)
	Loss for the financial year	(19,738,996)	(353,947)
	At end of year	<u>(37,260,368)</u>	<u>(17,521,372)</u>

14 Future commitments and contingencies

Additional amounts may become payable to property vendors in the event that specified density targets are exceeded on planning approval. The company may also incur contingent finance costs as described in note 10.

15 Related parties and control

The company is a wholly owned subsidiary of Ballymore Properties Limited. Ballymore Properties Limited is 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 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 and its subsidiary undertakings.

16 Post balance sheet events

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

Clearstorm Limited

Notes *(continued)*

17 Approval of financial statements

The directors approved the financial statements on 16 December 2010.