

Registered number: 04151594

CLEARSTORM LIMITED

Directors' report and financial statements
for the year ended 31 March 2014

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CLEARSTORM LIMITED

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CLEARSTORM LIMITED

Company Information

DIRECTORS	B.Fagan D.Pearson J.Mulryan
COMPANY SECRETARY	B.Fagan
REGISTERED NUMBER	04151594
REGISTERED OFFICE	St. John's House 5 South Parade Summertown Oxford OX2 7JL
INDEPENDENT AUDITOR	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2 Ireland
SOLICITORS	Howard Kennedy Fsi Harcourt House 19 Cavendish Square London W1A 2AW

CLEARSTORM LIMITED

Directors' report for the year ended 31 March 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting 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;
- 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 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is that of property development. There has been no significant change to this activity during the year. In late 2013 the company sold the land known as Royal Wharf in London's Docklands. In early 2014 the company sold further land and property south of the Lower Lea Crossing near the River Lea in London.

RESULTS

The profit for the year, after taxation, amounted to £17,774,543 (2013 - £7,107,712).

DIRECTORS

The directors who served during the year were:

B.Fagan
D.Pearson
J.Mulryan

CLEARSTORM LIMITED

**Directors' report
for the year ended 31 March 2014**

PROVISION OF INFORMATION TO AUDITOR

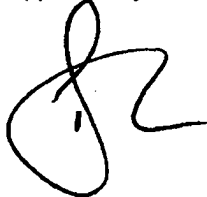
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

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.

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

A handwritten signature in black ink, appearing to be 'D. Pearson', written over a circular stamp or seal.

D. Pearson
Director
Date: 17 July 2014

CLEARSTORM LIMITED

**Directors' report
for the year ended 31 March 2014**

PROVISION 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 that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

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.

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

D.Pearson
Director
Date: 17 July 2014



KPMG
Audit
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 2014, set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves 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 company's 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. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

EMPHASIS OF MATTER

In forming our opinion on these financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1 concerning material uncertainties affecting the company's ability to continue as a going concern.

The company is a member of a group headed by Ballymore Properties ("the group"). At 31 March 2014 the company had net liabilities of £88,260,231 and is dependent on funds provided to it by NAMA and by the group. The group is in turn dependent on the ongoing financial support of its lenders to continue as a going concern. These conditions, together with the other matters explained in Note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.



CLEARSTORM LIMITED

Independent auditor's report to the members of Clearstorm Limited

The financial statements do not include any adjustments that would result 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 for the financial year for which the financial statements are prepared 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.

C. Mullen (Senior statutory auditor)
for and on behalf of
KPMG, Statutory Auditor
Chartered Accountants
Dublin

17 July 2014

CLEARSTORM LIMITED

**Profit and loss account
for the year ended 31 March 2014**

	Note	2014 £	2013 £
TURNOVER	1,2	151,785,740	545,344
Cost of sales		<u>(73,320,219)</u>	<u>(1,013,150)</u>
GROSS PROFIT/(LOSS)		78,465,521	(467,806)
Provision for impairment of stock		7,657,744	9,851,333
Administrative expenses		<u>(62,490,711)</u>	<u>(123,839)</u>
OPERATING PROFIT	3	23,632,554	9,259,688
Interest receivable and similar income		5,112	1,083
Interest payable and similar charges	4	<u>(5,863,123)</u>	<u>(2,153,059)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		17,774,543	7,107,712
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR	11	<u>17,774,543</u>	<u>7,107,712</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 8 to 14 form part of these financial statements.

CLEARSTORM LIMITED
Registered number: 04151594

Balance sheet
as at 31 March 2014

	Note	£	2014 £	2013 £
CURRENT ASSETS				
Stocks	6	99,847,811	144,081,668	
Debtors	7	33,488,831	59,485	
Cash at bank		125,220	486,444	
		<u>133,461,862</u>	<u>144,627,597</u>	
CREDITORS: amounts falling due within one year	8	<u>(205,982,223)</u>	<u>(239,186,916)</u>	
NET CURRENT LIABILITIES			<u>(72,520,361)</u>	<u>(94,559,319)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(72,520,361)</u>	<u>(94,559,319)</u>
CREDITORS: amounts falling due after more than one year	9	<u>(15,739,870)</u>	<u>(11,475,455)</u>	
NET LIABILITIES			<u>(88,260,231)</u>	<u>(106,034,774)</u>
CAPITAL AND RESERVES				
Called up share capital	10	1,000	1,000	
Profit and loss account	11	<u>(88,261,231)</u>	<u>(106,035,774)</u>	
SHAREHOLDERS' DEFICIT	12	<u>(88,260,231)</u>	<u>(106,034,774)</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

D.Pearson
Director
Date: 17 July 2014



CLEARSTORM LIMITED

Notes to the financial statements for the year ended 31 March 2014

1. 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 of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements are prepared in UK Sterling, which is the functional currency of the company.

Going concern

The company is a member of a group headed by Ballymore Properties ("the group"), a company incorporated in the Republic of Ireland.

Notwithstanding having net liabilities of £88,260,231 at 31 March 2014, the financial statements of the company are prepared on the going concern basis, which the directors believe to be appropriate for the following reasons.

The company is dependent on funds provided to it by NAMA and by the group. The group has confirmed that it will continue to make available such funds as are needed by the company and in particular, will not seek repayment of amounts owed to it for at least 12 months from the date of approval of the financial statements. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

The Ballymore Properties group is in turn dependent on the ongoing financial support of its lenders to continue as a going concern. The group's lenders are Irish, UK and European financial institutions and the National Asset Management Agency ("NAMA"). NAMA is a special purpose vehicle that was established by the Irish government on a statutory basis in order to manage loans acquired from financial institutions with the aim of achieving the best possible return for the Irish taxpayer over a 7 to 10 year timetable.

In December 2012, the group entered into a Connection Management Agreement ("CMA") with NAMA. The CMA is in addition to a detailed business plan which sets out the various conditions and key performance indicators that the group is required to achieve in order to ensure NAMA's continued support.

As with any group company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these indications, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, this material uncertainty may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Turnover

Turnover, which is stated net of VAT, represents the net value of development and residential sales contracts completed together with rental income recognised on an accruals basis.

CLEARSTORM LIMITED

Notes to the financial statements for the year ended 31 March 2014

1. ACCOUNTING POLICIES (continued)

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.

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

The directors have availed of the exemption contained in Financial Reporting Standard 1 and, accordingly, no cash flow statement is presented.

Stocks

Development properties

Development properties are properties acquired for future development and properties on which only initial development has commenced. These are stated at the lower of cost and net realisable value. Cost comprises purchase price and development costs. Costs also includes interest and finance fees which are capitalised from the date of commencement of development until the development is complete. However capitalisation of interest is suspended during extended periods in which active development is interrupted. Interest is calculated by reference to specific borrowings. Net realisable value is defined as the estimated selling price of the completed developments less all further costs to completion and selling costs as estimated by the directors.

Work in progress

Work in progress comprises properties currently being developed stated at the lower of cost and net realisable value. 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 borrowings. Net realisable value is defined as the estimated selling price of the completed development less all further costs to completion as estimated by the directors.

CLEARSTORM LIMITED

Notes to the financial statements for the year ended 31 March 2014

1. ACCOUNTING POLICIES (continued)

Sales deposits, deferred income and forfeited deposits

Deposits received from contracted purchasers, where legal completion of the sale has not yet occurred, are recognised as deferred income in the balance sheet. This income is transferred to the profit and loss account on the date of legal transfer of ownership. Deposits paid by contracted purchaser, which are held in a solicitor's client account until legal transfer of ownership occurs are included within debtors on the balance sheet. The corresponding amount is recognised on the balance sheet as deferred income. Forfeited deposits are included in other income in the period in which the related contracts have been rescinded.

2. TURNOVER

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

	2014 £	2013 £
Rental income	385,740	545,344
Sale of development properties	151,400,000	-
	<u>151,785,740</u>	<u>545,344</u>

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

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

	2014 £	2013 £
Auditor's remuneration	17,500	15,500
Foreign Currency (Gain)/Loss	(131,306)	108,126
Provision against intercompany receivable	62,604,349	-
	<u>62,604,349</u>	<u>108,126</u>

During the year, no director received any emoluments (2013 - *ENIL*). The company has no employees (2013: none).

4. INTEREST PAYABLE

	2014 £	2013 £
On bank loans and overdrafts	5,863,123	2,153,059

Interest on bank loans comprises amounts owed to NAMA.

In addition to the charge above, interest of £9,074,053 (2013: £5,228,953) was capitalised during the year.

During the prior year the group, of which this company is a member, finalised the reorganisation of its borrowing arrangements with NAMA. As a result of the restructure of interest bearing debt owed by the company, the company received an interest credit on these restructured loan facilities. This interest credit did not result in any cash gain to the company.

CLEARSTORM LIMITED

Notes to the financial statements for the year ended 31 March 2014

5. TAXATION

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	17,774,543	7,107,712
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	4,088,145	1,705,851
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	14,399,000	-
Utilisation of tax losses	(18,481,764)	(1,705,851)
Group relief	(5,381)	-
Current tax charge for the year	-	-

Factors that may affect future tax charges

The corporation tax rate of 23% effective from 1 April 2013 will continue to reduce gradually to 20% by 2015.

At 31 March 2014 there is an unrecognised deferred tax asset of £5,129,463 (2013: £24,386,441) in respect of unutilised tax losses.

CLEARSTORM LIMITED

Notes to the financial statements for the year ended 31 March 2014

6. STOCKS

	2014 £	2013 £
Work in progress at cost	99,847,811	88,675,373
Development properties at cost	-	137,491,739
Provision for impairment of development properties	-	(82,085,444)
	<u>99,847,811</u>	<u>144,081,668</u>

The amount at which stock is stated includes capitalised interest of £19,844,775 (2013: £49,627,277).

The valuation of the company's stock as at the date of approval of these financial statements is subject to uncertainty in light of current market conditions. Each year, the directors review the carrying value of the company's stock in the context of 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 each stock item. They consider the various risks associated with development, including planning risk, construction risk and finance 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 company can expect to receive from the sale of the stock. On this basis during the current year the directors have reduced the provision for impairment of stock by £ 7.7 million (2013: £9.9 million).

Net realisable value includes significant estimates concerning the timing and quantum of developments, estimated realisable values for developed properties and the cost of construction. The underlying assumptions used in the estimates may be impacted by matters such as: the state of the general economy, the state of the UK and global property market, the availability of UK mortgage financing, the timing of future sales, the costs of completing the build programme which in turn may be impacted by UK and global raw materials costs and inflation rates.

Net realisable value has been used by the directors in assessing the carrying value of the company's work in progress in the financial statements on the assumption that the company itself rather than a third party developer will develop the properties. Were a third party to acquire the properties and develop them, their residual value, which takes account of the profit margin that such a developer would require, would be used in assessing the carrying value in the financial statements. Residual values represent an estimate of the price a third party developer would pay for the properties in their current state at the balance sheet date.

The carrying amount of the company's work in progress in the financial statements based on the lower of cost or net realisable value exceeded its residual value by £31 million at 31 March 2014. The net realisable value of the company's development properties has been assessed by the directors as being their residual values.

In late 2013 the company sold the land known as Royal Wharf in London's Docklands. In early 2014 the company sold further land and property south of the Lower Lea Crossing near the River Lea in London.

7. DEBTORS

	2014 £	2013 £
Trade debtors	-	59,485
Amounts owed by group undertakings	23,900,000	-
Sales deposits	9,588,831	-
	<u>33,488,831</u>	<u>59,485</u>

CLEARSTORM LIMITED

Notes to the financial statements for the year ended 31 March 2014

7. DEBTORS (continued)

The amount of receivables from group undertakings is £23,900,000 stated net of provisions. At 31 March 2014 the gross amount receivable from group undertakings was £86,504,349 (2013:£nil). At 31 March 2014 provisions totalling £62,604,349 (2013:£nil) have been made against such receivables.

8. CREDITORS:

Amounts falling due within one year

	2014 £	2013 £
Bank loans and overdrafts	193,845,583	218,323,737
Trade creditors	10,750	-
Amounts owed to group undertakings	-	20,338,061
Accruals and deferred income	12,125,890	525,118
	<u>205,982,223</u>	<u>239,186,916</u>

Bank loans comprise amounts owed to NAMA and are repayable on demand.

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.

9. CREDITORS:

Amounts falling due after more than one year

	2014 £	2013 £
Deferred purchase consideration	-	5,750,000
Accruals and deferred income	15,739,870	5,725,455
	<u>15,739,870</u>	<u>11,475,455</u>

The deferred purchase consideration was settled during the year.

10. SHARE CAPITAL

	2014 £	2013 £
Authorised, allotted, called up and fully paid		
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>

CLEARSTORM LIMITED

Notes to the financial statements for the year ended 31 March 2014

11. RESERVES

	Profit and loss account £
At 1 April 2013	(106,035,774)
Profit for the year	17,774,543
At 31 March 2014	<u>(88,261,231)</u>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2014 £	2013 £
Opening shareholders' deficit	(106,034,774)	(113,142,486)
Profit for the year	17,774,543	7,107,712
Closing shareholders' deficit	<u>(88,260,231)</u>	<u>(106,034,774)</u>

13. RELATED PARTY TRANSACTIONS 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. John's 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.

14. COMMITMENTS AND CONTINGENCIES

The company is party to an agreement along with various companies in the group, of which the company is a member, whereby the group's funding institutions which are ultimately controlled by the National Asset Management Agency (NAMA) have cross guarantees over the company's assets. In the event that any of the companies subject to the guarantee are unable to repay amounts owed to NAMA then it may call on this company or any of the other companies party to the guarantee for repayment of amounts due.

15. POST BALANCE SHEET EVENTS

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