

Registered number: 04151594

CLEARSTORM LIMITED

Directors' report and financial statements
for the year ended 31 March 2015

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CLEARSTORM LIMITED

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CLEARSTORM LIMITED

Company Information

DIRECTORS

B.Fagan (resigned 31 October 2014)
D.Pearson
J.Mulryan
D. Dunford (appointed 4 August 2014 & resigned 22 September 2014)
S.Mulryan (appointed 18 February 2015)

COMPANY SECRETARY

D. Pearson

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
No. 1 London Bridge
London
SE1 9BG

CLEARSTORM LIMITED

Directors' report for the year ended 31 March 2015

The directors present their report and the financial statements for the year ended 31 March 2015.

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

The principal activity of the company is that of property development. In the prior year, the company sold the land known as Royal Wharf in London's Docklands. During the year the company commenced development of its London City Island Phase 1 site, on the Leamouth Peninsula, north of the O2 Arena on the River Thames in London. The development has planning for 457 private apartments, 104 affordable apartments and a small amount of commercial space. At the time of preparation of these financial statements, contracts had been exchanged to sell over 80% of the Phase 1 apartments off plan. Legal completions of these apartments is anticipated in 2016.

RESULTS

The profit for the year, after taxation, amounted to £17,793,507 (2014 - £17,774,543).

DIRECTORS

The directors who served during the year were:

B.Fagan (resigned 31 October 2014)

D.Pearson

J.Mulryan

D. Dunford (appointed 4 August 2014 & resigned 22 September 2014)

S.Mulryan (appointed 18 February 2015)

CLEARSTORM LIMITED

Directors' report for the year ended 31 March 2015

EVENTS SINCE THE END OF THE YEAR

In May 2015, shortly after the year end, the company sold the London City Island Phase 2 site.

There are no other significant events since the end of the year which would materially affect the financial statements.

DISCLOSURE 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 relevant audit information 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: 24 September 2015



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent auditor's report to the shareholders of Clearstorm Limited

We have audited the financial statements of Clearstorm Limited for the year ended 31 March 2015, set out on pages 6 to 15. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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 2015 the company had net liabilities of £70,466,724 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

Independent auditor's report to the shareholders of Clearstorm Limited

going concern.

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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



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

24 September 2015

CLEARSTORM LIMITED

Profit and loss account for the year ended 31 March 2015

	Note	2015 £	2014 £
TURNOVER	1,2	32,700	151,785,740
Cost of sales		<u>(251,505)</u>	<u>(73,320,219)</u>
GROSS (LOSS)/PROFIT		(218,805)	78,465,521
Provision for impairment of stock		-	7,657,744
Operating costs		<u>25,545,966</u>	<u>(62,490,711)</u>
OPERATING PROFIT	3	25,327,161	23,632,554
Interest receivable and similar income		159	5,112
Interest payable and similar charges	4	<u>(11,637,383)</u>	<u>(5,863,123)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		13,689,937	17,774,543
Tax on profit on ordinary activities	5	<u>4,103,570</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR	12	<u>17,793,507</u>	<u>17,774,543</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.

CLEARSTORM LIMITED
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Balance sheet
as at 31 March 2015

	Note	£	2015 £	2014 £
CURRENT ASSETS				
Stocks	6	168,893,753	99,847,811	
Debtors	7	40,372,866	33,488,831	
Cash at bank		23,537	125,220	
		<u>209,290,156</u>	<u>133,461,862</u>	
CREDITORS: amounts falling due within one year	8	<u>(225,110,062)</u>	<u>(205,982,223)</u>	
NET CURRENT LIABILITIES			<u>(15,819,906)</u>	<u>(72,520,361)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(15,819,906)</u>	<u>(72,520,361)</u>
CREDITORS: amounts falling due after more than one year	9	<u>(54,646,818)</u>	<u>(15,739,870)</u>	
NET LIABILITIES		<u><u>(70,466,724)</u></u>	<u><u>(88,260,231)</u></u>	
CAPITAL AND RESERVES				
Called up share capital	11	1,000	1,000	
Profit and loss account	12	<u>(70,467,724)</u>	<u>(88,261,231)</u>	
SHAREHOLDERS' DEFICIT	13	<u><u>(70,466,724)</u></u>	<u><u>(88,260,231)</u></u>	

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



D. Pearson
Director
Date: 24 September 2015

CLEARSTORM LIMITED

Notes to the financial statements for the year ended 31 March 2015

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 £70,466,724 at 31 March 2015, 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 the National Asset Management Agency ("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 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 financial institutions and 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 was in addition to a detailed business plan which set out the various conditions and key performance indicators that the group was required to achieve in order to ensure NAMA's continued support. The group has to date achieved its milestones agreed with NAMA and an amended CMA was signed in July 2015 with revised financial targets to recognise the milestones already achieved.

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 2015

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 as the company is a wholly owned subsidiary of a parent company that publishes consolidated financial statements that include the cash flows of the company.

Stocks

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.

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 purchasers, 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.

CLEARSTORM LIMITED

Notes to the financial statements for the year ended 31 March 2015

2. TURNOVER

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

	2015 £	2014 £
Rental income	-	385,740
Sale of development properties	32,700	151,400,000
	<u>32,700</u>	<u>151,785,740</u>

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

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

	2015 £	2014 £
Auditor's remuneration	15,500	17,500
Foreign Currency Gain	(249,518)	(131,306)
(Reversal of provision)/provision against intercompany receivable	(29,596,066)	62,604,349
	<u></u>	<u></u>

During the year, no director received any emoluments (2014 - £NIL). The company has no employees (2014: none).

4. INTEREST PAYABLE

	2015 £	2014 £
On bank loans and overdrafts	11,637,383	5,863,123
	<u></u>	<u></u>

Interest on bank loans comprises amounts owed to NAMA.

In addition to the charge above, interest of £12,640,575 (2014: £9,074,053) was capitalised during the year.

CLEARSTORM LIMITED

Notes to the financial statements for the year ended 31 March 2015

5. TAXATION

	2015 £	2014 £
Analysis of tax charge in the year		
Deferred tax (see note 10)		
Origination and reversal of timing differences	(4,103,570)	-
Tax on profit on ordinary activities	<u>(4,103,570)</u>	<u>-</u>

Factors affecting tax charge for the year

The current tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 21% (2014 - 23%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>13,689,937</u>	<u>17,774,543</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 - 23%)	2,874,887	4,088,145
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(6,215,174)	14,399,000
Utilisation of tax losses	-	(18,481,764)
Group relief	3,340,287	(5,381)
Current tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

The deferred tax asset at the balance sheet date has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

At 31 March 2015 there is an unrecognised deferred tax asset of £1,025,893 (2014: £5,129,463) in respect of unutilised tax losses.

CLEARSTORM LIMITED

Notes to the financial statements for the year ended 31 March 2015

6. STOCKS

	2015 £	2014 £
Work in progress at cost	<u>168,893,753</u>	<u>99,847,811</u>

The amount at which stock is stated includes capitalised interest of £32,476,196 (2014: £19,844,775).

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.

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.

7. DEBTORS

	2015 £	2014 £
Trade debtors	1,402	-
Amounts owed by group undertakings	23,682,940	23,900,000
Sales deposits	11,016,613	9,588,831
Prepayments and accrued income	1,568,341	-
Deferred tax asset (see note 10)	4,103,570	-
	<u>40,372,866</u>	<u>33,488,831</u>

The amount of receivables from group undertakings is £23,682,940 (2014: £23,900,000) stated net of provisions. At 31 March 2015 the gross amount receivable from group undertakings was £56,691,222 (2014: £86,504,349). At 31 March 2015 provisions totalling £33,008,282 (2014: £62,604,349) have been made against such receivables.

CLEARSTORM LIMITED

Notes to the financial statements for the year ended 31 March 2015

8. CREDITORS: Amounts falling due within one year

	2015 £	2014 £
Bank loans and overdrafts	196,071,760	193,845,583
Trade creditors	-	10,750
Accruals and deferred income	29,038,302	12,125,890
	<u>225,110,062</u>	<u>205,982,223</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.

9. CREDITORS: Amounts falling due after more than one year

	2015 £	2014 £
Bank loans	21,246,653	-
Accruals and deferred income	33,400,165	15,739,870
	<u>54,646,818</u>	<u>15,739,870</u>

10. DEFERRED TAXATION

	2015 £	2014 £
At beginning of year	-	-
Deferred tax asset recognised during year (P&L)	4,103,570	-
	<u>4,103,570</u>	<u>-</u>
At end of year	<u>4,103,570</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	2015 £	2014 £
Tax losses carried forward	<u>4,103,570</u>	<u>-</u>

CLEARSTORM LIMITED

Notes to the financial statements for the year ended 31 March 2015

11. SHARE CAPITAL

	2015 £	2014 £
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>

12. RESERVES

	Profit and loss account £
At 1 April 2014	(88,261,231)
Profit for the year	17,793,507
At 31 March 2015	<u>(70,467,724)</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2015 £	2014 £
Opening shareholders' deficit	(88,260,231)	(106,034,774)
Profit for the financial year	17,793,507	17,774,543
Closing shareholders' deficit	<u>(70,466,724)</u>	<u>(88,260,231)</u>

14. 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.

CLEARSTORM LIMITED

Notes to the financial statements for the year ended 31 March 2015

15. 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.

16. POST BALANCE SHEET EVENTS

On 14th May 2015, the company sold its interest in the London City Island Phase 2 site.

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