

Registered number: 04936525

BALLYMORE LIMITED AND SUBSIDIARIES

Annual report and financial statements

For the Year Ended 31 March 2017

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BALLYMORE LIMITED AND SUBSIDIARIES

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BALLYMORE LIMITED AND SUBSIDIARIES

Company Information

Directors	S. Mulryan J. Mulryan D. Pearson
Company secretary	D. Pearson
Registered number	04936525
Registered office	4th Floor 161 Marsh Wall London E14 9SJ
Independent auditor	KPMG, Statutory Auditor Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2 Ireland
Finance Providers	Allied Irish Bank (GB) London Allied Irish Bank Dublin Bank of Ireland Dublin
Solicitors	Howard Kennedy No. 1 London Bridge London SE1 9 BG Hogan Lovells International LLP 65 Holborn Viaduct London EC1A 2FG Gowling WLG (UK) LLP 3 Waterhouse Square 142 High Holborn London EC1N 2SW

BALLYMORE LIMITED AND SUBSIDIARIES

Group strategic report For the Year Ended 31 March 2017

Introduction

The directors present their strategic report for Ballymore Limited and its subsidiaries (together "the group") for the year ended 31 March 2017.

Business review

The company is a holding company and the principal activities of its subsidiary undertakings continue to be that of property development and investment. The business conducted by the group is principally the development and sale of residential properties within London.

Results and performance

Total revenues for the year were £693 million (2016: £555 million) which reflects a significant increase in sales of residential units in the year as well as the property portfolio sale described below.

The profit for the year was £518 million (2016 profit: £193 million).

- The group made good progress on the build of Embassy Gardens Phase 1, Providence Tower and London City Island Phase 1. The vast majority of residential and commercial unit sales in these three developments completed in the 2016/2017 financial year. These three developments have made major contributions to housing stock and redevelopment of their local areas.
- During the year the group sold its development site at Leamouth South to Leamouth Limited Partnership for a consideration of £80 million. Leamouth Limited Partnership is a 50:50 joint venture between Clear Vision Global Limited and Ballymore Leamouth Limited Partner Limited which in turn is ultimately owned by Ballymore Properties Unlimited Company as is Ballymore Limited.

The UK market, particularly London, where the group has a high concentration of assets, continues to perform well. As a major global city, demand in the London housing market remains strong and as a result, London remains an attractive investment opportunity for overseas investors. While some uncertainty is expected in markets following the result of the UK's referendum on its membership of the EU, the directors still believe that the economic fundamentals are positive for London.

The directors' focus remains on delivering long-term growth performance from existing developments and land-banks.

BALLYMORE LIMITED AND SUBSIDIARIES

Group strategic report For the Year Ended 31 March 2017

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties faced by the group are in the following categories:

Capital requirements risk – funding

Since the exit of the Ballymore Group from NAMA during the year, the group is largely funding its activities from working capital. The group is currently exploring further financing options including entering into joint venture arrangements and obtaining third party finance for other developments in the medium to longer term. The principal finance risks to which the group is exposed are liquidity risk, market risk, and interest rate risks. The group has adopted a prudent approach to managing those risks through its treasury policy which is to maintain an appropriate capital structure and credit facilities to fund its operations. The group funding is regularly monitored and assessed by the directors.

Other financial risk

Lack of suitable funding either from the group or customer perspective may affect the availability of development and working capital finance in the property sector as well as impacting prospective property purchasers. The directors work closely with the group's key stakeholders in order to mitigate the impact of these factors on the group's financial position.

Each project in the group has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risk. Key performance indicators used by management include turnover, unit completions and profitability per unit.

Economic risk

The house building industry is sensitive to the macroeconomic environment internationally, nationally and regionally which impacts interest rates and world-wide consumer confidence. Whilst the housing market in London, where the group has the largest concentration of its assets, continues to remain stable and strong against regional and overseas markets, worldwide economic conditions including Brexit could impact on the markets in which the group operates.

As such, the following represent the primary economic risks to the group:

- The risk relating to the availability of finance, and ongoing liquidity and interest rate movements having an adverse impact on property markets.
- The risk of unrealistic increases in development and operating costs impacting adversely on competitiveness of the group.

These risks are managed by due consideration of the interest rate environment, business planning, strict cost control, and management of planning applications.

Regulatory risk

As the group is engaged in property development, it is therefore subject to extensive and complex laws and regulations relating to planning, environment and health and safety. Non-compliance can result in delays thereby incurring substantial cost, restricting land development and construction or damaging the group's reputation.

The group actively engages with local authorities and regulators with respect to planning policies to ensure that all regulatory compliance criteria are met. Before any third party subcontractors are used, there is due diligence undertaken into their health and safety records along with their best practices and adherence to environmental standards.

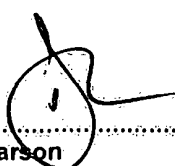
BALLYMORE LIMITED AND SUBSIDIARIES

Group strategic report For the Year Ended 31 March 2017

Future developments

The group has a number of developments which will be assessed on an on-going basis as to the development life cycle versus underlying economic conditions. These properties are currently stated at the lower of cost and net realisable value and it is anticipated that profits will be recognised at completion or disposal of the relevant assets.

This report was approved by the board on 29 September 2017 and signed on its behalf.



.....
D. Pearson
Director

BALLYMORE LIMITED AND SUBSIDIARIES

Directors' report For the Year Ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements 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 group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £518 million (2016 - £193 million).

No dividends were declared for the year ended 31 March 2017 (2016 - £nil).

A net gain of £458 million has been recognised in 2017 following corporate restructuring, completion of financial obligations and refinancing for future requirements, as well as the revaluation of certain of the group's investment properties.

The Ballymore group's bank borrowings were historically provided by Irish, UK and European financial institutions with the majority of indebtedness with Irish banks. The group's Irish bank loans were transferred to NAMA, business plans agreed, targets set and the control environment varied. During the year, the Ballymore group achieved certain targets set with NAMA and settled principal debt, fees, interest and working capital facilities with NAMA across the various Ballymore connections resulting in cumulative cash paid to NAMA equating to some €3.2bn.

Consequently, the guarantees previously provided by this group to NAMA in relation to borrowings of the wider Ballymore Properties Group were released.

BALLYMORE LIMITED AND SUBSIDIARIES

Directors' report (continued) For the Year Ended 31 March 2017

Human rights and the Modern slavery Act 2015

This report does not contain specific information on human rights issues as this is not considered necessary for an understanding of the development, performance or position of the company's business. However, the group as a whole is committed to respecting human rights and will look at the wider group for its supply chain policy approach to human rights.

With the Modern Slavery Act 2015 in force, the group is concentrating its efforts on transparency in the supply chain from its outsourcing model and will be looking at establishing clear ethical standards for itself and expectations from its suppliers to raise awareness of the legislation.

Directors

The directors who served during the year were:

S. Mulryan
J. Mulryan
D. Pearson

Political contributions

The group made no political contributions (2016 - £nil).

Future developments

Likely future developments in the business of the group are discussed in the strategic report.

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 the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the 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.

Post balance sheet events

Shortly after the year end, two of the group's member companies, Ballymore Properties (Thames Royal) Limited and Ballymore (Bow Paper) Limited, refinanced their property estates by entering into a loan finance agreement with Investec Bank PLC. The facility of £18 million is secured over the assets of both of the aforementioned companies and is repayable on or before April 2020.

Subsequent to year end all of the loans advanced to the group's joint venture, West Hampstead Square LLP, were repaid in full.

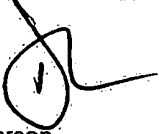
Auditor

Under section 487(2) of the Companies Act 2006, KPMG, Statutory Auditor 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.

BALLYMORE LIMITED AND SUBSIDIARIES

**Directors' report (continued)
For the Year Ended 31 March 2017**

This report was approved by the board on 29 September 2017 and signed on its behalf.

A handwritten signature in black ink, consisting of a stylized 'D' followed by a horizontal line and a small loop.

D. Pearson
Director



Independent auditor's report to the members of Ballymore Limited

We have audited the financial statements of Ballymore Limited and subsidiaries for the year ended 31 March 2017, set out on pages 10 to 43. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the group's and company's affairs as at 31 March 2017 and of the group's profit 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.

2. Our conclusions on other matters on which we are required to report by the Companies Act 2006 are set out below

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

3. We have nothing to report in respect of matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Under the Companies Act 2006 we are required 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.

We have nothing to report in respect of the above responsibilities.



Independent auditor's report to the members of Ballymore Limited (continued)

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with UK 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.

An audit undertaken in accordance with ISAs (UK & Ireland) 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 Annual 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.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

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.

C. Mullen (Senior statutory auditor)

for and on behalf of
KPMG, Statutory Auditor

Chartered Accountants

1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

29 September 2017

BALLYMORE LIMITED AND SUBSIDIARIES

Consolidated profit and loss account For the Year Ended 31 March 2017

	Note	2017 £000	2016 £000
Turnover - continuing operations	3	692,751	555,160
Cost of sales		(569,763)	(460,841)
Gross profit		122,988	94,319
(Provision for)/ net release of impairment of stock		(39,262)	238
(Provision for) impairment of fixed assets		(1,200)	-
Administrative expenses		(4,501)	118,123
Other operating income	4	457,909	1,773
Group's operating profit-continuing operations		535,934	214,453
Group's share of profit/ (loss) in associates	16	242	(2)
Group's share of (loss) of joint ventures	15	(1,563)	(1,727)
(Loss) on sale of subsidiary	5	-	(1,086)
(Loss)/ profit on sale of investment properties		(881)	24,303
Interest receivable and similar income	7	3,952	2,871
Interest payable and similar expenses	8	(4,385)	(32,574)
Profit on ordinary activities before tax	6	533,299	206,238
Tax on profit on ordinary activities	9	(15,374)	(13,265)
Profit for the financial year		517,925	192,973
Profit for the year attributable to:			
Owners of the parent company		517,925	192,973
		517,925	192,973

All amounts relate to continuing operations.

The group had no other comprehensive income in the financial year or the previous financial year and therefore, no statement of other comprehensive income is provided.

BALLYMORE LIMITED AND SUBSIDIARIES
Registered number: 04936525

Consolidated balance sheet
As at 31 March 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	12	18	1
Investment property	13	12,877	22,771
		<u>12,895</u>	<u>22,772</u>
Current assets			
Stocks	17	161,435	552,599
Debtors	18	171,512	198,090
Cash at bank and in hand	19	135,032	21,567
		<u>467,979</u>	<u>772,256</u>
Creditors: amounts falling due within one year	20	(385,007)	(1,038,084)
Net current assets/(liabilities)		<u>82,972</u>	<u>(265,828)</u>
Total assets less current liabilities		<u>95,867</u>	<u>(243,056)</u>
Creditors: amounts falling due after more than one year	21	(21,667)	(200,825)
Provisions for liabilities	24	(55,979)	(55,823)
Net assets/ (liabilities)		<u><u>18,221</u></u>	<u><u>(499,704)</u></u>
Capital and reserves			
Called up share capital	25	100	100
Profit and loss account		10,621	(507,304)
Equity attributable to owners of the parent Company		<u>10,721</u>	<u>(507,204)</u>
Minority interest	26	7,500	7,500
		<u><u>18,221</u></u>	<u><u>(499,704)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2017.


.....
D. Pearson
Director

The notes on pages 17 to 43 form part of these financial statements.

BALLYMORE LIMITED AND SUBSIDIARIES
Registered number: 04936525.

Company balance sheet
As at 31 March 2017

	Note	2017 £000	2016 £000
Fixed assets			
Investments	14	1	1
Current assets			
Debtors	18	9,491	9,485
Creditors: amounts falling due within one year	20	(89,191)	(89,191)
Total assets less current liabilities		<u>(79,699)</u>	<u>(79,705)</u>
Net liabilities		<u>(79,699)</u>	<u>(79,705)</u>
Capital and reserves			
Called up share capital	25	100	100
Profit and loss account		(79,799)	(79,805)
		<u>(79,699)</u>	<u>(79,705)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2017.

.....
D. Pearson
Director

The notes on pages 17 to 43 form part of these financial statements.

BALLYMORE LIMITED AND SUBSIDIARIES

**Consolidated statement of changes in equity
For the Year Ended 31 March 2017**

	Share capital £000	Retained Earnings £000	Equity attributable to owners of parent Company £000	Minority interest £000	Total equity £000
At 1 April 2016	100	(507,304)	(507,204)	7,500	(499,704)
Comprehensive income for the year					
Profit for the year	-	517,925	517,925	-	517,925
Total comprehensive income for the year	-	517,925	517,925	-	517,925
Total transactions with owners	-	-	-	-	-
At 31 March 2017	100	10,621	10,721	7,500	18,221

BALLYMORE LIMITED AND SUBSIDIARIES

Consolidated statement of changes in equity For the Year Ended 31 March 2016

	Share capital £000	Retained Earnings £000	Equity attributable to owners of parent Company £000	Minority interest £000	Total equity £000
At 1 April 2015	100	(700,277)	(700,177)	7,500	(692,677)
Comprehensive income for the year					
Profit for the year	-	192,973	192,973	-	192,973
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	192,973	192,973	-	192,973
At 31 March 2016	100	(507,304)	(507,204)	7,500	(499,704)

The notes on pages 17 to 43 form part of these financial statements.

BALLYMORE LIMITED AND SUBSIDIARIES

Company statement of changes in equity For the Year Ended 31 March 2017

	Share capital £000	Retained Earnings £000	Total equity £000
At 1 April 2016	100	(79,805)	(79,705)
Comprehensive income for the year			
Profit for the year	-	6	6
Total comprehensive income for the year	-	6	6
Total transactions with owners	-	-	-
At 31 March 2017	100	(79,799)	(79,699)

Company statement of changes in equity For the Year Ended 31 March 2016

	Share Capital £000	Retained Earnings £000	Total equity £000
At 1 April 2015	100	(240,395)	(240,295)
Comprehensive income for the year			
Profit for the year	-	160,590	160,590
Total comprehensive income for the year	-	160,590	160,590
Total transactions with owners	-	-	-
At 31 March 2016	100	(79,805)	(79,705)

The notes on pages 17 to 43 form part of these financial statements.

BALLYMORE LIMITED AND SUBSIDIARIES

Consolidated statement of cash flows For the Year Ended 31 March 2017

	2017 £000	2016 £000
Cash flows from operating activities		
Profit for the financial year	517,925	192,973
Adjustments for:		
Interest charge	4,385	32,574
Interest income	(3,952)	(2,871)
Loss/(profit) on sale of investment properties	881	(24,303)
Taxation charge	15,374	13,265
Decrease in stocks	348,534	211,038
Decrease/(increase) in debtors	16,879	(15,524)
(Decrease) in creditors	(110,697)	(94,657)
Impairment/(reversal of impairment) of stock	39,262	(238)
Other non-cash items included in profit	(452,467)	(3,858)
Share of loss in joint ventures and associates	1,321	1,729
Corporation tax (paid)	(8,817)	-
Net cash generated from operating activities	368,628	310,128
Cash flows from investing activities		
Purchase of tangible fixed assets	(17)	(1,574)
Sale of investment properties	47,489	52,992
Interest received	698	292
Net cash from investing activities	48,170	51,710
Cash flows from financing activities		
New secured loans	136,805	163,836
Repayment of loans	(432,915)	(475,244)
Interest paid	(7,223)	(48,103)
Net cash used in financing activities	(303,333)	(359,511)
Cash and cash equivalents at beginning of year	21,567	19,240
Cash and cash equivalents at the end of year	135,032	21,567
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	135,032	21,567
	135,032	21,567

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

1. Accounting policies

Ballymore Limited is a company limited by shares and incorporated and domiciled in the UK.

Basis of preparation of financial statements

These group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group's accounting policies (see note 2).

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included: and
- Key Management Personnel compensation has not been included a second time.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Going concern

The group's shareholders' funds at 31 March 2017 amounted to £18.2 million. The financial statements of the company and group are prepared on the going concern basis, which the directors believe to be appropriate. The directors have assessed the financial and operational requirements of the company and group and having undertaken this review, the directors have a reasonable expectation that the company and group have adequate resources to fund their operations for the foreseeable future, and in particular for the period of at least 12 months from the date of approval of the financial statements, in line with the financial forecasts. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

1. Accounting policies (continued)

Basis of consolidation

The consolidated financial statements present the results of the company and its subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 March 2017. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date that control commences until the date that control ceases.

An associate is an entity in which the group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investors hold between 20% and 50% of the equity voting rights.

A joint venture is a contractual arrangement undertaking in which the group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Where a group company is party to a joint venture which is not an entity, that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

Revenue

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue from the sale of development property is recognised when legal completion of the sale of properties has occurred.

Rental income and management fee income is recognised in the profit and loss account on an accruals basis.

Expenditure

Expenditure recorded in work in progress is expensed through cost of sales at the time of the related property sale. Operating expenditure in respect of goods and services acquired is recognised when supplied in accordance with contractual terms.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

1. Accounting policies (continued)

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties include land interests generating ground rents. The valuation of ground rents depends on the related future rental income stream. Investment properties are recognised initially at cost.

Subsequent to initial recognition investment properties are held at fair value. Fair value is determined annually by the directors and is derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset.

Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise and no depreciation is provided in respect of investment properties applying the fair value model.

Profits and losses on the sale of investment properties included in the profit and loss account are calculated as the difference between the net sales proceeds and the carrying value.

Construction in progress

Construction in progress comprising investment properties currently being developed, are stated initially at cost and subsequently at fair value determined annually by the directors.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The charge for depreciation is calculated using the straight line method at rates estimated to charge to the profit and loss account the cost of each asset less its residual value over its estimated useful life. The following rates have been applied:

Fixtures, fittings & equipment - 5% - 33 1/3% per annum

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

1. Accounting policies (continued)

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, development costs and interest. Interest is capitalised from the date of commencement of the development until the development is complete but capitalisation of interest is suspended during extended periods in which active development is interrupted. Net realisable value is defined as the estimated sales proceeds from completed developments less all further costs to completion and selling costs as estimated by the directors.

Work in progress

Work in progress, which comprises properties currently being developed, is stated at the lower of cost and net realisable value. Cost includes interest which is capitalised from the date of commencement of the 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.

Work in progress represents costs incurred, net of amounts transferred to cost of sales.

Profits on developments are not recognised until properties are structurally complete and legally transferred to the purchaser.

Properties held for resale

Properties held for resale, on which no further development is anticipated, are stated at the lower of cost and net realisable value. Net realisable value is defined as the estimated sales proceeds less all further costs to completion and selling costs as estimated by the directors.

Basic financial instruments

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange on the balance sheet date and any gains or losses are included in the profit and loss account.

Finance costs

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.

Leases

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

Interest payable

Interest costs which have not been capitalised are recognised in the profit and loss account using the effective interest method.

Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

1. Accounting policies (continued)

Current and deferred taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively 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.

Sales 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.

Pension

The group operates a defined contribution pension plan under which it pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In the process of applying the company's accounting policies, the key judgments made by management relate to taxation (Note 9), valuation of investment property (Note 13), valuation of stock (Note 17), and recoverability of receivables from group companies and related parties (Note 18).

3. Analysis of turnover

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

	2017 £000	2016 £000
Sale of properties and construction income	689,546	545,071
Rental income and management fees	3,205	10,089
	<u>692,751</u>	<u>555,160</u>

All turnover arose within the United Kingdom.

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

4. Other operating income

	2017 £000	2016 £000
Other operating income	457,909	1,773
	<u>457,909</u>	<u>1,773</u>

Other operating income represents the revaluation of certain of the group's investment properties, a gain arising on settlement of financial obligations and forfeited deposits.

5. Loss on sale of subsidiary

During the prior year the group sold its property asset management subsidiary, Ballymore Asset Management Limited, to a related party, Roundstone Development Management Limited for a consideration of £1. The loss on disposal was £1,086,067. This disposal did not constitute a discontinued operation.

6. Profit before tax

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2017 £000	2016 £000
Directors' remuneration (Note 10)	200	245
Loss/(profit) on disposal of investment properties	881	(24,303)
Fees payable to the Group's auditors for services to the group:		
- the audit of these financial statements	20	20
- the audit of subsidiaries of the company	160	160
- taxation compliance and advisory services	768	369
	<u>768</u>	<u>369</u>

7. Interest receivable

	2017 £000	2016 £000
Interest on loans to related parties (a)	1,754	1,706
Deposit and other interest	2,198	1,165
	<u>3,952</u>	<u>2,871</u>

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

7. Interest receivable (continued)

	2017 £000	2016 £000
(a) Interest on loans to related parties		
- West Hampstead Square LLP	1,184	1,065
- Bishopsgate Goodsynd Regeneration Limited	517	497
- Central Regeneration Limited Partnership	49	52
- Renshaw Regeneration LLP	4	4
- Downriver Properties Limited	-	88
	<u>1,754</u>	<u>1,706</u>

8. Interest payable

	2017 £000	2016 £000
On NAMA loans wholly repayable other than by instalments within five years	19,168	75,683
Less: capitalised interest included in stocks/investment property under construction	(14,783)	(43,109)
	<u>4,385</u>	<u>32,574</u>

9. Taxation

	2017 £000	2016 £000
Corporation tax		
Current tax on profits for the year	16,286	3,600
Adjustments in respect of previous periods	(5,083)	3
Total current tax	<u>11,203</u>	<u>3,603</u>
Deferred tax		
Origination and reversal of timing differences	286	9,442
Changes to tax rates	(14)	220
Adjustments in respect of previous years	3,899	-
Total deferred tax	<u>4,171</u>	<u>9,662</u>
Taxation on profit on ordinary activities	<u>15,374</u>	<u>13,265</u>
All current tax comprises UK corporation tax.		

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

9. Taxation (continued)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than (2016 - *lower than*) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	<u>533,299</u>	<u>206,238</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	106,660	41,248
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(84,934)	(24,945)
Adjustments to tax charge in respect of prior periods	(1,184)	4
Share of partnership profits	787	-
Book profit on chargeable assets	1,118	(4,643)
Capital gains	345	2,015
Other differences leading to an increase (decrease) in the tax charge	(151)	(10)
Transfer pricing adjustments	345	2
Movement in deferred tax not recognised	(7,598)	(625)
Impact of change in rates	(14)	219
Total tax charge for the year	<u><u>15,374</u></u>	<u><u>13,265</u></u>

Factors that may affect future tax charges

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. Finance Bill 2016 further reduced the 18% rate to 17% from 1 April 2020, following substantive enactment on 6 September 2016. This will reduce the group's future tax charge accordingly.

At 31 March 2017 there are unrecognised deferred tax assets of £51.1 million (2016: £50.1 million) in respect of unutilised tax losses.

The deferred tax asset (or liability) at the balance sheet date has been calculated based on the rate of 19% substantively enacted at the balance sheet date.

There are no unprovided deferred tax liabilities.

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

10. Directors' remuneration

Total directors' remuneration for the year amounted to £200,000 (2016 - £245,000).

The remuneration of the highest paid director was £140,000 (2016 - £139,000).

11. Staff numbers and costs

The average number of personnel employed by the group including executive directors during the year was 9 (2016: 62).

	2017 £000	2016 £000
Development management	-	29
Estates management	1	10
Finance and administration	6	6
Sales and marketing	-	5
Operations and other	2	12
	<u>9</u>	<u>62</u>

	2017 £000	2016 £000
The aggregate payroll costs of employees were:		
Wages and salaries	1,080	3,342
Social security costs	254	427
Pensions	20	106
	<u>1,354</u>	<u>3,875</u>

Company

The company has no employees (2016: none).

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

12. Tangible fixed assets

Group

	Equipment, fixtures and fittings £000
Cost or valuation	
At 1 April 2016	150
Additions	17
	<hr/>
At 31 March 2017	167
	<hr/>
Depreciation	
At 1 April 2016	149
	<hr/>
At 31 March 2017	149
	<hr/>
Net book value	
At 31 March 2017	18
	<hr/>
At 31 March 2016	1
	<hr/>

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

13. Investment property

Group

	Freehold investment property £000	Property under construc- tion £000	Total £000
Valuation			
At 1 April 2016	22,706	65	22,771
Transfers from stock	18,109	-	18,109
Revaluation of investment properties	21,566	-	21,566
Provision for impairment	(1,200)	-	(1,200)
Disposals	(48,369)	-	(48,369)
At 31 March 2017	12,812	65	12,877

At 1 April 2016 investment property comprised commercial units and ground rents. When the right to receive ground rent income is sold, the group retains the freehold interest in the related properties which is recorded at a nominal value within investment property.

During the year, the group transferred commercial units and certain residential units from its completed developments included in stock to investment properties. On transfer, these properties were revalued to their market value.

The remaining investment properties were valued by the directors at fair value of £12,877,000 on 31 March 2017. The investment properties are carried at fair value determined annually by the directors and are derived from the current market rents and investment property yields for comparable real estate. No depreciation is provided. The historical cost of the group's investment properties was £8,262,000 (2016: £22,771,000).

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

13. Investment property (continued)

Certain of the investment properties are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	2017 £000	2016 £000
Operating leases: Leases as lessor		
Less than one year	585	1,035
Between one and five years	2,340	4,301
More than five years	5,212	25,019
	8,137	30,355

14. Financial fixed assets

	2017 £000	2016 £000
Company		
Investments in subsidiary undertakings		
At beginning of year	184,410	184,410
Provision for impairment	(184,409)	(184,409)
	1	1

Details of subsidiary undertakings are given in Note 29.

15. Investment in joint ventures

	2017 £000
Cost	
At beginning of year	475
Recognition of group's profit on sale of land to joint ventures deferred in previous years	915
At end of year	1,390

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

15. Investment in joint ventures (continued)

Share of post acquisition reserves

At beginning of year	(32,757)
Retained profits less losses	(1,563)
Recognition of group's profit on sale of land to joint ventures deferred in previous years	250
Disposals	-
At end of year	(34,070)
Net book value	
At 31 March 2017	(32,680)

At 31 March 2016 (32,282)

Where the group's share of losses of a joint venture exceeded its carrying amount in the joint venture it continued to recognise its share of further losses as it has incurred constructive obligations in relation to each joint venture.

As the investment plus group's share of results of some of the joint ventures amounts to a negative figure, these amounts have been included in provisions for liabilities on the balance sheet as follows:

	2017 £000	2016 £000
Provisions for liabilities (Note 24)	(32,680)	(32,282)
	(32,680)	(32,282)

The group's investment in joint ventures comprises the following:

- (a) The group owns 1 ordinary share of £0.50 in Bishopsgate Goodsynd Regeneration Limited, a property development company, which represents 50% of the issued share capital at 31 March 2017. The group's joint venture partner, Hammerson plc, holds the remaining 50% of the equity share capital.
- (d) The group holds a 50% interest in Central Regeneration Limited Partnership, a property development entity. The group's joint venture partner, Merepark, holds the remaining 50% of the equity share capital and is acting as project manager on the development.
- (c) The group holds a 50% interest in Renshaw Regeneration Limited Liability Partnership, a property development entity.
- (d) The group holds a 50% interest in West Hampstead Square LLP, a property development company.

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

16. Investment in Associate

The investment in associate comprises 300 ordinary shares of £1 each in Ballymore (London Area) Limited, representing 27.5% of issued share capital.

	2017 £000
Cost	
At the beginning of year	-
Disposals	-
At end of year	<u>-</u>
 Share of post acquisition reserves	
At beginning of year	(23,541)
Retained profits less losses	242
Disposals	-
At end of year	<u>(23,299)</u>
 Net book value	
At 31 March 2017	<u><u>(23,299)</u></u>
 At 31 March 2016	<u><u>(23,541)</u></u>

As the combined cost of investment in associate plus the group's share of losses in the associate amount to a negative figure, the amount has been included in provisions for liabilities in the balance sheet. Where the group's share of losses of an associate exceeded its carrying amount in the associate it continued to recognise its share of further losses as it has incurred constructive obligations in relation to the associate.

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

17. Stock

	2017 £000	2016 £000
Group		
Development properties	91,952	100,849
Work in progress	64,722	445,225
Properties held for resale	4,761	6,525
	<u>161,435</u>	<u>552,599</u>

The carrying value of stock includes £15,905,213 (2016: £31,926,746) in respect of capitalised borrowing costs.

Each year the directors review the carrying value of the group'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), the availability of finance, and the eventual proceeds the group can expect to receive from the sale of the stock. On this basis, during the current year the net movement in the provision against the carrying value of the group's stock was an increase of £39.3 million (2016: decrease in provision of £0.2 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 mortgage financing, the timing of future sales, and the costs of completing the build programme, which in turn may be impacted by UK and global raw material costs and inflation rates.

During the year land interests generating ground rents as well as commercial units and certain residential units were transferred to investment properties (Note 13).

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

18. Debtors

	2017 £000	2016 £000
Group		
Amounts falling due within one year		
Trade debtors	1,773	5,536
Amounts due from group undertakings (a)	136,341	43,043
Amounts due from related parties (b)	12,368	18,603
Other debtors	5,557	96,228
Corporation tax and other taxes	15,134	5,573
Deferred tax asset (c)	-	4,171
Prepayments and accrued income	339	24,936
	<u>171,512</u>	<u>198,090</u>

Amounts due from group undertakings are unsecured, interest free and repayable on demand.

- (a) The amount of receivables due from group undertakings (stated net of provisions) is £136,340,907 (2016: £43,043,095). At 31 March 2017 the gross amount receivable from group undertakings was £147.7 million (2016: £47.4 million). Provisions have been made where recoverability of the receivables is doubtful. At 31 March 2017 provisions totalling £11.4 million (2016: £4.4 million) have been made against such receivables.

	2017 £000	2016 £000
(b) Amounts due from related parties		
Ballymore International Developments Limited	460	460
Ballymore (London Arena) Limited (due after one year)	73,328	73,376
Bishopsgate Goodsynd Regeneration Limited	33,843	32,831
Central Regeneration Limited Partnership	4,877	4,827
Downriver Properties Limited	-	1,027
Hammerson Investments (No.23) Limited	286	-
Markland Holdings Limited	-	2,935
Renshaw Regeneration LLP	162	159
RQB (Isle of Man) Limited	-	13,182
West Hampstead Square LLP	12,083	18,555
Provisions against receivables from related parties	(112,671)	(128,749)
	<u>12,368</u>	<u>18,603</u>

Certain of the amounts due from related parties are interest bearing.

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

18. Debtors (continued)

	2017 £000	2016 £000
(c) Deferred tax asset		
At beginning of year	4,171	13,833
(Charged) / credited to profit and loss account during the year	(4,171)	(9,662)
	<u>-</u>	<u>4,171</u>

The deferred tax assets recognised relate to losses brought forward, where post year end sales have indicated that it is more likely than not that sufficient tax profits will be made to utilise these losses.

Company

	2017 £000	2016 £000
Amounts due from group undertakings	9,491	9,485
	<u>=====</u>	<u>=====</u>

The amount of receivables due from group undertakings is £9.5 million (2016: £9.5 million) stated net of provisions. At 31 March 2017 the gross amount receivable from group undertakings was £75,369,357 (2016: £75,369,357). Provisions have been made where recoverability of the receivables is doubtful. At 31 March 2017 provisions totalling £65,878,610 (2016: £65,883,926) have been made against such receivables.

Amounts due from group undertakings are unsecured, interest free and repayable on demand.

19. Cash at bank and in hand

	2017 £000	2016 £000
Group		
Cash at bank and in hand	128,047	14,606
Restricted cash balances	6,985	6,961
	<u>135,032</u>	<u>21,567</u>

Restricted cash represents cash received from purchasers held on deposit as agent.

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

20. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Bank/NAMA loans and overdrafts (Note 22)	-	599,482
Trade creditors	3,750	20,659
Amounts owed to group undertakings	265,313	235,178
Amounts owed to related parties (a)	487	3,517
Other creditors	3,940	2,899
Taxation and social welfare	16,365	8,629
Accruals and deferred income	95,152	167,720
	<u>385,007</u>	<u>1,038,084</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

	2017 £000	2016 £000
(a) Amounts owed to related parties		
Ballymore (London Arena) Limited	487	-
RQB (Isle of Man) Limited	-	3,376
Hammerson Investments (No. 23) Ltd	-	141
	<u>487</u>	<u>3,517</u>

	2017 £000	2016 £000
Company		
Amounts owed to group undertakings	<u>89,191</u>	<u>89,191</u>

21. Creditors: Amounts falling due after more than one year

	2017 £000	2016 £000
Group		
Bank / NAMA loans and overdrafts (Note 22)	-	130,207
Amounts owed to group undertakings	-	45,951
Amounts owed to related parties (a)	-	367
Accruals and deferred income	21,667	24,300
	<u>21,667</u>	<u>200,825</u>

Amounts due to group undertakings are unsecured and interest free.

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

21. Creditors: Amounts falling due after more than one year (continued)

	2017 £000	2016 £000
(a) Amounts owed to related parties		
S. Mulryan	-	367
	<u>-</u>	<u>367</u>

22. Bank/ NAMA borrowings

	Within one year £000	Between one and two years £000	Between two and five years £000	Total £000
31 March 2017				
Repayable other than by instalments				
Bank / NAMA loans	-	-	-	-
	<u>Within one year £000</u>	<u>Between 1 and 2 years £000</u>	<u>Between 2 and 5 years £000</u>	<u>Total £000</u>
31 March 2016				
Repayable other than by instalments				
Bank / NAMA loans	599,482	130,207	-	729,689

Except for a euro denominated loan of €2.7 million (£2.1 million) in the prior year, all NAMA loans were denominated in sterling. The bank/NAMA loans were interest bearing at rates of between 3% and 5%.

The bank/NAMA loans in the prior year, were secured by fixed and floating charges over the assets of group undertakings and guarantees by certain group undertakings.

During the current year, the group settled principal debt, fees, interest, and working capital facilities across the various Ballymore connections, and consequently the guarantees and securities were released.

23. Financial instruments

	2017 £000	2016 £000
Financial assets measured at amortised cost	<u>291,071</u>	<u>184,977</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(388,747)</u>	<u>(1,122,019)</u>

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

24. Provision for liabilities

	2017 £000	2016 £000
Provision for investments in joint ventures (Note 15)	32,680	32,282
Provisions for investments in associate (Note 16)	23,299	23,541
	<u>55,979</u>	<u>55,823</u>

25. Share capital

	2017 £000	2016 £000
Shares classified as equity		
Authorised		
1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

26. Minority interest

	2017 £000	2016 £000
At beginning and end of year	<u>7,500</u>	<u>7,500</u>

During 2013 the financing arrangements of one of the group's subsidiaries were agreed with that company's bankers. This resulted in bank debt being swapped for 7.5 million preferred shares of £1 each in the subsidiary company. These preferred shares do not have voting rights but carry an entitlement to receive profits of up to £7.5 million in preference to ordinary shareholders and then £0.10 for every £0.90 distributed to the ordinary shareholders and are accounted for as minority interest.

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

27. Commitments and contingencies

Commitments and contingent liabilities

There are ongoing commitments under operating leases for the hire of plant and equipment. Such commitments rarely exceed one month.

Group companies have provided a cost overrun guarantee of £3.8 million in respect of the 50% owned joint venture, West Hampstead Square LLP.

Ballymore Properties Limited has also provided a guarantee to The Mayor and Burgesses of the London Borough of Wandsworth in respect of planning obligations of other group companies for the purposes of s106 of the Town and Country Planning Act 1990 (as amended).

Contingent assets

Additional sales proceeds may become receivable in relation to property sold in recent years depending on the successful outcome of certain planning permission applications which may be obtained by the purchasers. As it is not virtually certain that an inflow of economic benefits will arise, no related amount has been recognised in the financial statements.

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

28. Related party transactions

The company's immediate parent company is Trapol Limited, a company incorporated in Jersey. In the prior year, the company's immediate parent company was Ballymore Properties Holdings Limited, a company incorporated in England and Wales. The ownership of the company changed during the year due to a restructuring of the group. The company's ultimate parent is Ballymore Properties Unlimited Company, a company incorporated in the Republic of Ireland. The company was controlled by Mr S Mulryan throughout the year.

The smallest group in which the results of the company and its subsidiary undertakings are consolidated is that headed by Trapol Limited. The largest group in which the results of the company and its subsidiary undertakings are consolidated is that headed by Ballymore Properties Unlimited Company.

The company has availed of the exemption available in FRS 102.33.1A from disclosing transactions with Ballymore Properties Unlimited Company and its wholly owned subsidiary undertakings. To the extent not disclosed elsewhere in these financial statements, details of related party transactions and balances are set out below:

	2017 £000	2016 £000
Sales on normal trading terms to:		
- Ballymore (London Arena) Limited	207	59
- Thames Royal Docklands	193	218
- West Hampstead Square LLP	60	176
- EcoWorld Ballymore Holding Company Limited and subsidiaries	396	161,368

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

28. Related party transactions (continued)

On 30 July 2015 the group sold its share in Ballymore Asset Management Limited to a related party, Roundstone Development Management Limited for its deemed fair value of £1. The group and Roundstone Development Management Limited are related parties as they have a common director.

Ballymore Asset Management Limited acts as a managing agent for the collection of ground rents and administration of service charges on properties held by the group. In the period, ground rent collection fees paid to Ballymore Asset Management Limited amounted to £568,514. Ballymore Asset Management Limited is a related party of which Mr. David Pearson and Mr. John Mulryan are directors.

The group has entered into an agreement with Whistleglade Unlimited Company and its subsidiaries, Roundstone Development Management Limited and Roundstone Construction Services Limited, for the provision of professional services. Mr John Mulryan, a director of the company, is the ultimate beneficial owner of Whistleglade Unlimited Company. During the year, Roundstone Development Management Limited charged £5,591,927 (2016: £13,570,981) and Roundstone Construction Services Limited charged £5,441,859 (2016: £4,804,821) for services provided to the group.

During the year a part of the previous loan obligation of West Hampstead Square LLP due to NAMA was assumed by the group. Principal loan drawings due to the group reached a total of £20,691,721 (including the previous NAMA obligations) at the end of February 2017. By agreement of the members of the LLP, this loan was not classified as equity but was regarded as debt. The principal loan balance and associated accumulated interest (£107,572) were repaid by the LLP in full on 14 March 2017. Interest on the loan principal was charged at an aggregated rate of 2.5% per annum. The interest charged is considered an appropriate market rate for equivalent loans of this nature.

During the year the group sold its development site at Leamouth South to the Leamouth Limited Partnership for a consideration of £80 million. Leamouth Limited Partnership is a 50:50 joint venture between Clear Vision Global Limited and Ballymore Leamouth Limited Partner Limited, a related party of the group.

Total compensation of key management personnel amounted to £200,000 (2016: £245,000).

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

29. Subsidiary undertakings and other undertakings

(a) Subsidiary undertakings

Name	Proportion held by company	Proportion held by subsidiary	Principal activity
Arrowhead Commercial Limited		100 %	Property Development
Ballymore (Battersea) Limited		100 %	Dormant
Ballymore (Battersea Park Road) Limited		100 %	Dormant
Ballymore (Bow Paper) Limited		100 %	Property Development
Ballymore (Carmen Street) Limited		100 %	Property Development
Ballymore Colmore Row Limited		100 %	Dormant
Ballymore Cornwall Street Limited		100 %	Dormant
Ballymore Developments Limited	100	%	Investment Holding
Ballymore Development Management Services Limited		100 %	Dormant
Ballymore Fulham Limited		100 %	Dormant
Ballymore (Hayes) Limited		100 %	Property Development
Ballymore Investments Limited	100	%	Investment Holding
Ballymore Millharbour Limited		100 %	Property development Property development and investment
Ballymore Ontario Limited		100 %	
Ballymore Properties Limited	100	%	Investment Holding
Ballymore Properties Management Limited		100 %	Dormant
Ballymore Properties (Thames Royal) Limited		100 %	Property Development
Ballymore Snow Hill (Hotel) Limited		100 %	Dormant
Ballymore (Wapping) Limited		100 %	Property Development
Boldbury Limited		100 %	Property Investment
Broadnote Limited		100 %	Dormant
Clearstorm Limited		100 %	Property Development
Cuba Street Limited		100 %	Dormant
Domaine Developments Limited		100 %	Property Development
East London Haulage Limited		100 %	Dormant
Glossover Limited		100 %	Dormant
Kilopoint Limited		100 %	Dormant
Landor 2 Limited		100 %	Dormant
Landor (Dundee Wharf) Limited		100 %	Property Development and Investment
Landor Residential Limited		100 %	Property Development
Milltop Limited		100 %	Dormant
Monomind Limited		100 %	Property Investment
Pridebank Limited		100 %	Property Development
Property Company 2007 Limited		100 %	Dormant

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

29. Subsidiary undertakings and other undertakings (continued)

RT Group Developments (Snow Hill) Limited	100 %	Property Development
Vitely Limited	100 %	Dormant
WHS Developments Limited	100 %	Investment Holding

All companies were incorporated and operate in the United Kingdom having their registered offices at 4th Floor, 161 Marsh Wall, London, E14 9SJ.

All shareholdings in subsidiary undertakings consist of ordinary shares.

Subsequent to the year end, Vitely limited was dissolved.

	Proportion held by company %	Proportion held by subsidiary %
(b) Joint ventures		
Bishopsgate Goodsynd Regeneration Limited	-	50
Central Regeneration Limited Partnership	-	50
Renshaw Regeneration LLP	-	50
West Hampstead Square LLP	-	50

The activity of all the above companies is property development.

The registered office of Bishopsgate Goodsynd Regeneration Limited is 10 Grosvenor Street, London W1K 4BJ.

The registered office of Central Regeneration Limited Partnership is Market Court, Garden Lane, Altrincham, Cheshire WA14 4DW.

The registered office of Renshaw Regeneration LLP is Market Court, Garden Lane, Altrincham, Cheshire WA14 4DW.

The registered office of West Hampstead Square LLP is 4th Floor, 161 Marsh Wall, London, E14 9SJ.

(c) Associates

Ballymore (London Arena) Limited is an associate of a subsidiary of the group. The proportion held by the subsidiary is 27.5%. The activity of the company is property development and the trading address of Ballymore (London Arena) Limited is 4th Floor, 161 Marsh Wall, London E14 9SJ.

30. Jointly controlled assets

The group had entered a co-ownership arrangement for a property with RQB (Isle of Man) Limited. Each party was a 50% stakeholder in the co-ownership, Thames Royal Docklands. On 11 December 2016, the group acquired RQB (Isle of Man) Limited's 50% interest in the site, and assumed all assets and liabilities of the co-ownership.

BALLYMORE LIMITED AND SUBSIDIARIES

Notes to the financial statements For the Year Ended 31 March 2017

31. Post balance sheet events

Shortly after the year end, two of the group's member companies, Ballymore Properties (Thames Royal) Limited and Ballymore (Bow Paper) Limited, refinanced their property estates by entering into a loan finance agreement with Investec Bank PLC. The facility of £18 million is secured over the assets of both of the aforementioned companies and is repayable on or before April 2020.

Subsequent to year end all of the loans advanced to the group's joint venture, West Hampstead Square LLP, were repaid in full.

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