

Registered number: 06171630

ARROWHEAD COMMERCIAL LIMITED

Directors' report and financial statements

For the Year Ended 31 March 2017

FRIDAY



L6KC3X00

LD3

01/12/2017

#102

COMPANIES HOUSE

ARROWHEAD COMMERCIAL LIMITED

Contents

| | Page |
|--|---------------|
| Company information | 1 |
| Directors' report | 2 - 3 |
| Independent auditor's report | 4 - 5 |
| Profit and loss account | 6 |
| Balance sheet | 7 |
| Statement of changes in equity | 8 |
| Notes to the financial statements | 9 - 12 |

ARROWHEAD COMMERCIAL LIMITED

Company Information

| | |
|----------------------------|---|
| Directors | D. Pearson J. Mulryan S. Mulryan |
| Company secretary | D. Pearson |
| Registered number | 06171630 |
| 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 |
| Solicitors | Howard Kennedy No. 1 London Bridge London SE1 9BG- |

ARROWHEAD COMMERCIAL LIMITED

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 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 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 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 for the company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 activity

The principal activity of the company is property development. However, the company's property was sold in the prior year.

Results and dividends

The loss for the year, after taxation, amounted to £72,050 (2016 - loss £29,560,723).

No dividends were declared for the year ended 31 March 2017 (2016: *Nil*).

The 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. The Group has settled principal debt, fees, interest and working capital across the various Ballymore connections, within NAMA with total cash paid to NAMA equating to some Euro 3.2bn.

Directors

The directors who served during the year were:

D. Pearson
J. Mulryan
S. Mulryan

ARROWHEAD COMMERCIAL LIMITED

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

Exemption to preparation of strategic report

The company has availed of the exemption available under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 from implementing the strategic report requirements as the company qualifies as a small company for Company Law purposes.

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.

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.

This report was approved by the board on 28 July 2017 and signed on its behalf.

D. Pearson
Director

A handwritten signature in black ink, consisting of a large loop followed by a horizontal stroke and a small upward flick.



Independent auditor's report to the members of Arrowhead Commercial Limited

We have audited the financial statements of Arrowhead Commercial Limited for the year ended 31 March 2017, set out on pages 6 to 12. 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 company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

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



Independent auditor's report to the members of Arrowhead Commercial 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 2, 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.

E. Mullen (Senior Statutory Auditor)

for and on behalf of
KPMG, Statutory Auditor

Chartered Accountants

1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

28 July 2017

ARROWHEAD COMMERCIAL LIMITED

Profit and loss account For the Year Ended 31 March 2017

| | Note | 2017 £ | 2016 £ |
|--|------|-----------|--------------|
| Turnover | 3 | - | 87,457,989 |
| Cost of sales | | - | (86,460,863) |
| Gross profit | | - | 997,126 |
| Administrative expenses | | (72,092) | (364,684) |
| Waiver of loan | | - | (30,307,057) |
| Operating loss | 4 | (72,092) | (29,674,615) |
| Interest receivable and similar income | 5 | 42 | 113,892 |
| Loss before tax | | (72,050) | (29,560,723) |
| Loss for the financial year | | (72,050) | (29,560,723) |

All amounts relate to continuing operations.

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

ARROWHEAD COMMERCIAL LIMITED
Registered number: 06171630

Balance sheet
As at 31 March 2017

| | Note | 2017 £ | 2016 £ |
|--|------|-----------|---------------|
| Current assets | | | |
| Cash at bank and in hand | 7 | - | 72,050 |
| | | <u>-</u> | <u>72,050</u> |
| Total assets less current liabilities | | <u>-</u> | <u>72,050</u> |
| Net assets | | <u>-</u> | <u>72,050</u> |
| Capital and reserves | | | |
| Called up share capital | 8 | 1 | 1 |
| Profit and loss account | | (1) | 72,049 |
| | | <u>-</u> | <u>72,050</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 July 2017.

.....
D. Pearson
Director

The notes on pages 9 to 12 form part of these financial statements.

ARROWHEAD COMMERCIAL LIMITED

Statement of changes in equity For the Year Ended 31 March 2017

| | Share capital £ | Retained earnings £ | Total equity £ |
|--|-----------------------|---------------------------|-------------------|
| At 1 April 2016 | 1 | 72,049 | 72,050 |
| Comprehensive income for the year | | | |
| Loss for the year | - | (72,050) | (72,050) |
| Total comprehensive income for the year | - | (72,050) | (72,050) |
| Total transactions with owners | - | - | - |
| At 31 March 2017 | 1 | (1) | - |

Statement of changes in equity For the Year Ended 31 March 2016

| | Share capital £ | Retained earnings £ | Total equity £ |
|--|-----------------------|---------------------------|-------------------|
| At 1 April 2015 | 1 | 29,632,772 | 29,632,773 |
| Comprehensive income for the year | | | |
| Loss for the year | - | (29,560,723) | (29,560,723) |
| Total comprehensive income for the year | - | (29,560,723) | (29,560,723) |
| At 31 March 2016 | 1 | 72,049 | 72,050 |

The notes on pages 9 to 12 form part of these financial statements.

ARROWHEAD COMMERCIAL LIMITED

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

1. Accounting policies

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

Basis of preparation of financial statements

The financial statements have been prepared in UK Sterling in accordance with the Companies Act 2006 and Financial Reporting Standard 102, *the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland*.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

the requirements of Section 7 Statement of Cash Flows;
the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d)
the requirements of Section 11 Basic Financial Instruments paragraph 11.41
the requirements of Section 33 Related Party Disclosures paragraph 33.7

This information is included in the consolidated financial statements of Ballymore Limited as at 31 March 2017 and these financial statements may be obtained from 4th Floor, 161 Marsh Wall, London, E14 9SJ.

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

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Revenue

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

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.

Interest income

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

ARROWHEAD COMMERCIAL LIMITED

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

1. Accounting policies (continued)

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.

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

In the process of applying the company's accounting policies as described above, management has not had to make any judgments that have a significant effect on the amounts recognised in the financial statements.

3. Turnover

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

| | 2017 £ | 2016 £ |
|------------------|-----------|------------|
| Sale of property | - | 87,457,989 |

All turnover arose within the United Kingdom.

4. Operating loss

The operating loss is stated after charging:

| | 2017 £ | 2016 £ |
|--|-----------|------------|
| Waiving of loan due from another group company | - | 30,307,057 |
| Fees payable to the company's auditor for the audit of the company's annual financial statements | - | 14,000 |

During the year, no director received any emoluments (2016 - £NIL). The company has no employees (2016: none).

ARROWHEAD COMMERCIAL LIMITED

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

5. Interest receivable

| | 2017 £ | 2016 £ |
|---------------------------|-----------|-----------|
| Other interest receivable | 42 | 113,892 |

During the prior year the company received late completion interest of £105,355 on the sale of its property.

6. Taxation

Factors affecting tax charge for the year

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

| | 2017 £ | 2016 £ |
|--|-----------|--------------|
| Loss on ordinary activities before tax | (72,050) | (29,560,723) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%) | (14,410) | (5,912,145) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | - | 6,061,411 |
| Other timing differences leading to an increase (decrease) in taxation | 14,414 | - |
| Group relief | (4) | (149,266) |
| Total tax charge for the year | - | - |

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 April 2020, following substantive enactment on 6 September 2016. This will reduce the company's future tax charge accordingly.

At 31 March 2017 and 31 March 2016 there were no unrecognised deferred tax assets.

ARROWHEAD COMMERCIAL LIMITED

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

7. Cash and cash equivalents

| | 2017 £ | 2016 £ |
|--------------------------|-----------|-----------|
| Cash at bank and in hand | - | 72,050 |

8. Share capital

| | 2017 £ | 2016 £ |
|---|-----------|-----------|
| Authorised | | |
| 1,000 Ordinary shares of £1 each | 1,000 | 1,000 |
| Allotted, called up and fully paid | | |
| 1 Ordinary share of £1 | 1 | 1 |

9. Controlling party and related party transactions

The company is wholly owned subsidiary of Ballymore Investments Limited, a company incorporated in England and Wales. The company's ultimate parent company is Ballymore Properties Unlimited Company, a company incorporated in the Republic of Ireland. The company was controlled throughout the year by Mr S. Mulryan.

The largest group in which the results of the company are consolidated is that headed by Ballymore Properties Unlimited Company.

The smallest group in which the results of the company are consolidated is that headed by Ballymore Limited. The consolidated financial statements of Ballymore Limited are available from the company's registered office which is 4th floor, 161 Marsh Wall, London E14 9SJ.

All of the company's property was sold during the previous year to a joint venture of the Ballymore Properties group, Ecoworld-Ballymore Holding Company Limited.

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.

10. Post balance sheet events

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