

Registered number: 06342732

## **BALLYMORE (HAYES) LIMITED**

**Annual report and financial statements**

**For the Year Ended 31 March 2018**

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## **BALLYMORE (HAYES) LIMITED**

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## **BALLYMORE (HAYES) LIMITED**

### **Company Information**

<b>Directors</b>	D. Pearson J. Mulryan S. Mulryan
<b>Company secretary</b>	D. Pearson
<b>Registered number</b>	06342732
<b>Registered office</b>	4th Floor 161 Marsh Wall London E14 9SJ
<b>Independent auditor</b>	KPMG, Statutory Auditor Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2 Ireland
<b>Solicitors</b>	Howard Kennedy No.1 London Bridge London SE1 9BG

## **BALLYMORE (HAYES) LIMITED**

### **Strategic report For the Year Ended 31 March 2018**

#### **Introduction**

The directors present their strategic report for the year ended 31 March 2018.

#### **Business review**

The principal activity of the company is property development. There has been no significant change to this activity and none is expected in the future. During the prior year the company sold its site at Leamouth South to Leamouth Limited Partnership for £80 million.

Leamouth Limited Partnership is 50% owned by Ballymore Leamouth Limited Partner Limited which in turn is ultimately owned by Ballymore Properties Unlimited Company, as is Ballymore (Hayes) Limited.

#### **Principal risks and uncertainties**

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

##### **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 are working closely with the Ballymore group's key stakeholders in order to mitigate the impact of these factors on the company's financial position.

##### **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.

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

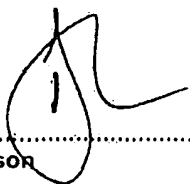
The risk relating to the availability of finance, and ongoing liquidity and interest rate movements having an adverse impact on property markets.

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

##### **Market risk**

The directors manage market risk through careful attention to residential and commercial property markets and through appropriate business planning and pricing.

This report was approved by the board on 23 July 2018 and signed on its behalf.

  
.....  
**D. Pearson**  
Director

## **BALLYMORE (HAYES) LIMITED**

### **Directors' report For the Year Ended 31 March 2018**

The directors present their report and the financial statements for the year ended 31 March 2018.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, 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'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 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 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 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 £1,379,862 (2017 - £50,395,543).

No dividends were declared for the year ended 31 March 2018 (2017 - £NIL).

#### **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 their efforts on transparency in the supply chain from its outsourcing model and will be looking at establishing clear ethical standards for ourselves and expectations from our suppliers to raise awareness of the legislation.

#### **Directors**

The directors who served during the year were:

D. Pearson  
J. Mulryan  
S. Mulryan

**BALLYMORE (HAYES) LIMITED**

**Directors' report (continued)  
For the Year Ended 31 March 2018**

**Matters covered in the strategic report**

Details of future developments are given in the Business review contained in the Strategic report on page 2.

**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**

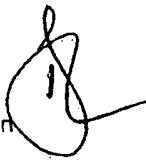
There have been no significant events affecting the company since the year end.

**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 23 July 2018 and signed on its behalf.

D. Pearson  
Director





## **Independent auditor's report to the members of Ballymore (Hayes) Limited**

### **1 Report on the audit of the financial statements**

#### ***Opinion***

We have audited the financial statements of Ballymore (Hayes) Limited ('the Company') for the year ended 31 March 2018, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***We have nothing to report on going concern***

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

#### ***Other information***

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic and directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.



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

Based solely on our work on the other information;

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

***Matters on which we are required to report by exception***

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 on these matters/in regard to these matters.

**2 Respective responsibilities and restrictions on use**

***Responsibilities of directors for the financial statements***

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements including being satisfied that they give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)





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

***The purpose of our audit work and to whom we owe our responsibilities***

Our 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

24 July 2018

# BALLYMORE (HAYES) LIMITED

## Profit and loss account For the Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover	4	259,835	80,665,738
Cost of sales		314,668	(30,601,397)
<b>Gross profit</b>		<b>574,503</b>	<b>50,064,341</b>
Administrative expenses		(87,453)	(44,210)
Provision for impairment of stock		(2,097,103)	(63,238)
<b>Operating (loss)/profit</b>	5	<b>(1,610,053)</b>	<b>49,956,893</b>
Interest receivable and similar income	6	3,313,586	1,136,735
<b>Profit before tax</b>		<b>1,703,533</b>	<b>51,093,628</b>
Tax on profit	7	(323,671)	(698,085)
<b>Profit for the financial year</b>		<b>1,379,862</b>	<b>50,395,543</b>

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.

**BALLYMORE (HAYES) LIMITED**  
Registered number: 06342732

**Balance sheet**  
**As at 31 March 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	8	4,181,252	4,181,252
		<u>4,181,252</u>	<u>4,181,252</u>
<b>Current assets</b>			
Stocks	9	13,000,000	14,951,385
Debtors	10	45,438,013	42,108,088
Cash at bank and in hand		11,738	93,950
		<u>58,449,751</u>	<u>57,153,423</u>
Creditors: amounts falling due within one year	11	(59,107,576)	(59,191,110)
<b>Net current liabilities</b>		<u>(657,825)</u>	<u>(2,037,687)</u>
<b>Total assets less current liabilities</b>		<u>3,523,427</u>	<u>2,143,565</u>
<b>Net assets</b>		<u>3,523,427</u>	<u>2,143,565</u>
<b>Capital and reserves</b>			
Called up share capital	12	1	1
Profit and loss account		3,523,426	2,143,564
		<u>3,523,427</u>	<u>2,143,565</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 July 2018.

.....  
**D. Pearson**  
Director

The notes on pages 11 to 20 form part of these financial statements.

# **BALLYMORE (HAYES) LIMITED**

## **Statement of changes in equity For the Year Ended 31 March 2018**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2017	1	2,143,564	2,143,565
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,379,862	1,379,862
<b>Total comprehensive income for the year</b>	-	1,379,862	1,379,862
<b>Total transactions with owners</b>	-	-	-
<b>At 31 March 2018</b>	<b>1</b>	<b>3,523,426</b>	<b>3,523,427</b>

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

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2016	1	(48,251,979)	(48,251,978)
<b>Comprehensive income for the year</b>			
Profit for the year	-	50,395,543	50,395,543
<b>Total comprehensive income for the year</b>	-	50,395,543	50,395,543
<b>Total transactions with owners</b>	-	-	-
<b>At 31 March 2017</b>	<b>1</b>	<b>2,143,564</b>	<b>2,143,565</b>

The notes on pages 11 to 20 form part of these financial statements.

## **BALLYMORE (HAYES) LIMITED**

### **Notes to the financial statements For the Year Ended 31 March 2018**

#### **1. General information**

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

#### **2. Accounting policies**

##### **Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company's functional and presentational currency is GBP.

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 3).

The following principal accounting policies have been applied:

##### **Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Ballymore Limited as at 31 March 2018 and these financial statements may be obtained from 4th Floor, 161 Marsh Wall, London, E14 9SJ.

##### **Going concern**

The financial statements of the company 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 having undertaken this review, the directors have a reasonable expectation that the company has adequate resources to fund its 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 (HAYES) LIMITED**

### **Notes to the financial statements For the Year Ended 31 March 2018**

#### **2. Accounting policies (continued)**

##### **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **Investment property**

Investment properties comprise ground rents, commercial units and residential units which have been capitalised at their open market value.

The valuation of ground rents depends on the future rental income stream from a freehold interest.

Investment properties are held at fair value. 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.

##### **Stock**

##### **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. Net realisable value is defined as the estimated selling price of the completed developments less all further costs to completion and selling costs as estimated by the directors. Cost comprises purchase price and development costs. Costs also includes interest and finance fees which are capitalised from the date of commencement of development until the development is complete. However capitalisation of interest is suspended during extended periods in which active development is interrupted. Interest is calculated by reference to specific borrowings.

##### **Sales deposits**

Deposits received by 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 of the individual apartments. Deposits paid by contracted purchasers of units, 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.

## **BALLYMORE (HAYES) LIMITED**

### **Notes to the financial statements For the Year Ended 31 March 2018**

#### **2. Accounting policies (continued)**

##### **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.

##### **Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **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 (HAYES) LIMITED**

### **Notes to the financial statements For the Year Ended 31 March 2018**

#### **2. Accounting policies (continued)**

##### **Interest income**

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

##### **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.

##### **Taxation**

Tax is recognised in the Profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### **3. 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 the valuation of investment properties (note 8), the valuation of stocks (note 9), and the recoverability of amounts owed by group undertakings (note 10).



# BALLYMORE (HAYES) LIMITED

## Notes to the financial statements For the Year Ended 31 March 2018

### 4. Turnover

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

	2018 £	2017 £
Sale of property	-	80,351,735
Rental income	259,835	314,003
	<u>259,835</u>	<u>80,665,738</u>

All turnover arose within the United Kingdom.

### 5. Operating (loss)/profit

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

	2018 £	2017 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>15,000</u>	<u>20,000</u>

Directors' remuneration of £5,915 (2017 - £1,400) was borne by another group company in respect of qualifying services. The company had no employees (2017 - none).

During the current and prior year central operating costs were recharged from another group company.

### 6. Interest receivable

	2018 £	2017 £
Fixed rate loan notes	3,313,436	1,123,145
Other interest receivable	<u>150</u>	<u>13,590</u>

Interest receivable on fixed rate loan notes is due from other group companies.

# BALLYMORE (HAYES) LIMITED

## Notes to the financial statements For the Year Ended 31 March 2018

### 7. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profit for the year	323,671	1,056,274
Adjustments in respect of previous periods	-	(358,189)
<b>Total current tax</b>	<b>323,671</b>	<b>698,085</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	1,703,533	51,093,628
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	323,671	10,218,726
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	1,760
Adjustments to tax charge in respect of prior periods	-	(358,189)
Group relief	-	(783,917)
Transfer pricing adjustments	-	(8,380,295)
<b>Total tax charge for the year</b>	<b>323,671</b>	<b>698,085</b>

#### 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. Together this will reduce the company's future tax charge accordingly.

# BALLYMORE (HAYES) LIMITED

## Notes to the financial statements For the Year Ended 31 March 2018

### 8. Investment property

	Freehold investment property £
<b>Valuation</b>	
At 1 April 2017	4,181,252
At 31 March 2018	<u>4,181,252</u>
<b>Net book value</b>	
At 31 March 2018	<u>4,181,252</u>
At 31 March 2017	<u>4,181,252</u>

During a prior year, the company sold the leasehold of two hotels which were previously classified in stocks. The company retains the freehold of these assets, which are included in investment properties at a value of £1.

During the prior year, Orchard Place, a residential development from which the company collects rental income, was transferred to freehold investment property from stock at a value of £3.9m.

The remainder of investment property comprises commercial units. The right to receive ground rent income was sold during a prior year, the company retains the freehold.

The investment property is carried at fair value 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 specified asset. No depreciation is provided.

No revaluation has been applied. No independent valuation took place during the period.

# BALLYMORE (HAYES) LIMITED

## Notes to the financial statements For the Year Ended 31 March 2018

### 9. Stock

	2018 £	2017 £
Development properties at cost	15,097,103	14,951,385
Provision for impairment	(2,097,103)	-
	<u>13,000,000</u>	<u>14,951,385</u>

Included in the cost of stock is £53,717 (2017 - £53,717) in respect of capitalised borrowing costs. Borrowing costs capitalised during the year amounted to £NIL (2017 - £1,176,928).

Each year, the directors review the carrying value of the company's stock in the context of current market conditions, and, where necessary, restate these assets at the lower of cost and net realisable value. In determining the realisable value, the directors appraise the eventual financial outcome on each stock item. They consider the various risks associated with development, including planning risk, construction risk and finance risk. They also examine the prudence of the assumptions underlying an appraisal including the timeline to complete, future attributable costs to complete (including planning, construction, marketing and financial costs, where appropriate) and the eventual proceeds the company can expect to receive from the sale of the stock. On this basis during the current year the directors provided for an impairment in the carrying value of development properties of £2,097,103.

Net realisable value includes significant estimates concerning the timing and quantum of developments, estimated realisable values for developed properties and the cost of construction. There are significant judgements in determining the carrying value of development property.

The underlying assumptions used in the estimates may be impacted by matters such as: the state of the general economy, the state of the UK and global property market, the availability of UK mortgage financing, the timing of future sales, the costs of completing the build programme which in turn may be impacted by UK and global raw materials costs and inflation rates.

The directors are satisfied that the carrying amount of stock is stated at the lower of cost and net realisable value.

During the prior year land interests comprising a residential development with a carrying amount of £3.9m were transferred to investment properties.

### 10. Debtors

	2018 £	2017 £
Trade debtors	64,337	35,817
Amounts owed by group undertakings	44,588,906	41,275,470
Other debtors	784,770	796,801
	<u>45,438,013</u>	<u>42,108,088</u>

Amounts owed by group undertakings are unsecured and repayable on demand.

## BALLYMORE (HAYES) LIMITED

### Notes to the financial statements For the Year Ended 31 March 2018

#### 11. Creditors: Amounts falling due within one year

	2018 £	2017 £
Amounts owed to group undertakings	50,724,323	50,248,402
Corporation tax	1,379,945	1,056,274
Other creditors	38,250	50,250
Accruals and deferred income	6,965,058	7,836,184
	<u>59,107,576</u>	<u>59,191,110</u>

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

#### 12. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

## **BALLYMORE (HAYES) LIMITED**

### **Notes to the financial statements For the Year Ended 31 March 2018**

#### **13. Controlling party and related party transactions**

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

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

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.

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 company. In the period, ground rent collection fees paid to Ballymore Asset Management Limited amounted to £17,465 (2017 - £89,759). Ballymore Asset Management Limited is a related party of which Mr D. Pearson and Mr J. Mulryan are directors.

The company has entered into an agreement with Ballymore Development Management Limited (formerly Roundstone Development Management Limited) for the provision of professional services. Mr D. Pearson and Mr J. Mulryan are directors of Ballymore Development Management Limited which is also ultimately owned by Mr J. Mulryan. During the year, Ballymore Development Management Limited charged £NIL (2017 - £490,879) for services provided to the company. There were no amounts outstanding at year end.

The company has entered into an agreement with Ballymore Construction Services Limited (formerly Roundstone Construction Services Limited) for the provision of professional services. Mr D. Pearson and Mr J. Mulryan are directors of Ballymore Construction Services Limited which is ultimately owned by Mr J. Mulryan. During the year, Ballymore Construction Services Limited charged £NIL (2017 - £213) for services provided to the company. There were no amounts outstanding at year end.

During the prior year the company sold its development at Leamouth South to Leamouth Limited Partnership, a joint venture of the wider Ballymore Group, for £80m.

#### **14. Post balance sheet events**

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