

Company registration number: 02945014

# Lendlease Residential (BH) Limited

Annual Report and Financial Statements

for the year ended 30 June 2021



# **Lendlease Residential (BH) Limited**

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## **Lendlease Residential (BH) Limited**

### **Directors' Report for the Year Ended 30 June 2021**

The directors of Lendlease Residential (BH) Limited present their report for the financial year ended 30 June 2021.

#### **Directors of the company**

The following persons held office as directors of the Company during the financial year and up to the date of this report:

J Clark

K Lansdown

L Brown (appointed 12 March 2021)

P Leonard (appointed 18 February 2021)

J Davies (resigned 18 February 2021)

K White (resigned 12 March 2021)

#### **Results**

The Company's loss after tax for the year was loss of £89k (2020: loss of £5k).

#### **Dividends**

The directors do not recommend the payment of a dividend (2020: £nil).

#### **Political donations**

The Company made no political donations or incurred any political expenditure during the year (2020: £nil).

#### **Outlook**

With the continuing support of the Lendlease group, the Company will continue property development.

Lendlease is closely monitoring the situation relating to COVID-19 which emerged in early 2020 and continues into 2021. With the roll out of the vaccine there is optimism that the UK's economy will start to bounce back although the speed of recovery is unknown. The Directors and management of the wider Lendlease Group have taken significant actions, all within management's control, to reduce costs and optimise the cash flow and liquidity position, including reduction of non-essential capital and project expenditure and overhead reduction initiatives. The full impact the pandemic will have on the Company is uncertain given the situation is evolving and the wider impact on the economy is unknown, however due to the nature of the Company, to date, there has not been a material impact. Refer to note 2 of the financial statements which provides further details around the director's assessment of the Company to continue as a going concern.

#### **Events after the balance sheet date**

There were no material events subsequent to the end of the financial year.

## **Lendlease Residential (BH) Limited**

### **Directors' Report for the Year Ended 30 June 2021 (continued)**

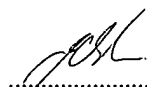
#### **Disclosure of information to the auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Reappointment of auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 10/12/2021 and signed on its behalf by:



.....  
J Clark  
Director  
20 Triton Street  
Regent's Place  
NW1 3BF

## **Lendlease Residential (BH) Limited**

### **Statement of Directors' Responsibilities**

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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent Auditor's Report to the Members of Lendlease Residential (BH) Limited**

### **Opinion**

We have audited the financial statements of Lendlease Residential (BH) Limited (the "Company") for the year ended 30 June 2021, which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

## **Independent Auditor's Report to the Members of Lendlease Residential (BH) Limited (continued)**

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

### **Fraud and breaches of laws and regulations - ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit and inspection of policy documentation as to Lendlease Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and Lendlease Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is transactional in nature.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts, those posted at unusual times and those posted to infrequent accounts.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

## **Independent Auditor's Report to the Members of Lendlease Residential (BH) Limited (continued)**

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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.
- 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 these respects.



## **Independent Auditor's Report to the Members of Lendlease Residential (BH) Limited (continued)**

### **Directors' responsibilities**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as the directors 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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).

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

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.



.....  
Ian Griffiths  
(Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
United Kingdom  
E14 5GL

Date: 15 December 2021  
.....

# **Lendlease Residential (BH) Limited**

## **Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2021**

	<b>Note</b>	<b>2021 £ 000</b>	<b>2020 £ 000</b>
Revenue	4	129	-
Cost of sales		<u>(274)</u>	<u>1</u>
<b>Gross (loss)/profit</b>		<b>(145)</b>	<b>1</b>
Administrative expenses		<u>(13)</u>	<u>(50)</u>
<b>Results from operating activities</b>	5	<b>(158)</b>	<b>(49)</b>
Finance income	6	<u>42</u>	<u>39</u>
<b>Net finance income</b>		<b>42</b>	<b>39</b>
<b>Loss before tax</b>		<b>(116)</b>	<b>(10)</b>
Income tax credit	10	<u>27</u>	<u>5</u>
<b>Loss after tax</b>		<b>(89)</b>	<b>(5)</b>
<b>Total comprehensive loss after tax</b>		<b>(89)</b>	<b>(5)</b>

The above results were derived from continuing operations.

The notes to and forming part of these financial statements are set out on pages 11 to 21.

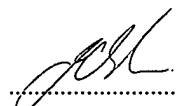
# Lendlease Residential (BH) Limited

## Statement of Financial Position as at 30 June 2021

	Note	2021 £ 000	2020 £ 000
<b>Non current assets</b>			
Inventories	12	627	494
Deferred tax assets	10	21	16
<b>Total non current assets</b>		<b>648</b>	<b>510</b>
<b>Current assets</b>			
Trade and other receivables	13	4,249	4,303
Current tax assets		34	11
<b>Total current assets</b>		<b>4,283</b>	<b>4,314</b>
<b>Total assets</b>		<b>4,931</b>	<b>4,824</b>
<b>Current liabilities</b>			
Trade and other payables	16	(3,042)	(2,905)
Bank overdraft	14	(301)	(242)
<b>Total current liabilities</b>		<b>(3,343)</b>	<b>(3,147)</b>
<b>Net assets</b>		<b>1,588</b>	<b>1,677</b>
<b>Equity</b>			
Issued capital	15	1	1
Retained earnings		1,587	1,676
<b>Total equity</b>		<b>1,588</b>	<b>1,677</b>

The notes to and forming part of these financial statements are set out on pages 11 to 21.

These statements were approved by the Board on 10/12/2021 and were signed on its behalf by:



J Clark

Director

Company Registration Number: 02945014

# Lendlease Residential (BH) Limited

## Statement of Changes in Equity for the year ended 30 June 2021

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2020	1	1,676	1,677
<b>Total comprehensive income</b>			
Loss for the year	-	(89)	(89)
<b>Total comprehensive income</b>	-	(89)	(89)
At 30 June 2021	1	1,587	1,588

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2019	1	1,681	1,682
<b>Total comprehensive income</b>			
Loss for the year	-	(5)	(5)
<b>Total comprehensive income</b>	-	(5)	(5)
At 30 June 2020	1	1,676	1,677

The notes to and forming part of these financial statements are set out on pages 11 to 21.

## **Lendlease Residential (BH) Limited**

### **Notes to the Financial Statements for the year ended 30 June 2021**

#### **1 General information**

Lendlease Residential (BH) Limited (the "Company") is a private company limited by share capital incorporated and domiciled in United Kingdom. The company registration number is 02945014.

The address of its registered office is:

20 Triton Street  
Regent's Place  
London  
NW1 3BF  
United Kingdom

The principal activity is that of residential property development.

#### **2 Basis of preparation**

##### **Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework*.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the financial statements, the Company has taken advantage of the following disclosure exemptions available under FRS 101:

- IAS 7: Preparing a cash flow statement and related notes;
- IAS 8: The listing of new or revised standards that have not been adopted (and information about the likely impact);
- IFRS 7: Financial instruments and financial risk disclosures;
- IAS 1: Disclosures in respect of capital management;
- IFRS 13: Fair value measurement disclosures;
- IAS 24: Disclosure of related party transactions entered into between members of the group, providing that any subsidiaries party to the transaction are wholly owned;
- IAS 24: Disclosure of compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity.

As the consolidated financial statements of Lendlease Europe Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Amounts are presented in pounds sterling, with all values rounded to the nearest thousand pounds unless otherwise indicated.

## **Lendlease Residential (BH) Limited**

### **Notes to the Financial Statements for the year ended 30 June 2021 (continued)**

#### **2 Basis of preparation (continued)**

These financial statements are the separate financial statements of Lendlease Residential (BH) Limited. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the IFRS compliant consolidated financial statements of the parent, Lendlease Corporation Limited. Refer to note 17.

#### **Summary of significant accounting policies and key accounting estimates**

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

#### **Changes in accounting policy**

##### **New and Revised Accounting Standards Adopted 1 July 2020**

The following accounting standards, interpretations and amendments have been adopted by the Company in the year ended 30 June 21:

Amendments to the following standards:

- IAS 1 and IAS 8 Definition of Material
- IFRS 3 Business Combinations
- IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform
- Amendments to References to the Conceptual Framework in IFRS Standards

These amended standards did not have a material effect on the Company.

##### **New Accounting Standards and Interpretations Not Yet Adopted**

The following accounting standards, interpretations and amendments have been issued by the IASB but had either not been adopted by the United Kingdom or were not yet effective in the United Kingdom at 30 June 2021:

- IFRS 17 Insurance Contracts

Amendments to the following standards:

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- IAS 16 Property, Plant and Equipment
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IFRS 3 Business Combinations
- IFRS 4 Insurance Contracts - Deferral of IFRS 9
- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2
- Amendments to Annual Improvements 2018-2020

The Directors do not expect the standards above to have a material effect. The Company has chosen not to adopt any of the above standards and interpretations earlier than required

## **Lendlease Residential (BH) Limited**

### **Notes to the Financial Statements for the year ended 30 June 2021 (continued)**

#### **2 Basis of preparation (continued)**

##### **Going concern**

Notwithstanding net current assets of £0.9m as at 30 June 2021 and a loss for the year then ended of £0.1m, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate. The directors have considered the cash requirements of the Company for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, that the Company is dependent for its working capital on receivables due from Lendlease Europe Holdings Limited ("LLEH"), the Company's ultimate UK parent entity.

The Company finished the year with a net asset position of £1.6m (2020: £1.7m) of which £4.2m (2020: £4.3m) relates to a related party receivable owing from Lendlease Europe Holdings Limited ("LLEH"). The directors consider the related party receivable to be recoverable and no impairment has been recognised. The credit quality of all loans and receivables, including those neither past due nor impaired, is assessed and monitored on an ongoing basis.

A letter of support has also been provided from Lendlease International Pty Limited ("LLI") to LLEH stating LLI accepts responsibility of providing and undertakes to provide, sufficient financial assistance to the LLEH, as and when it is required, to enable LLEH to continue its operations and fulfil all of its financial obligations. This support covers a period of at least 12 months from the date of approval of these financial statements, the directors of Lendlease Residential BH Limited acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Directors have considered the liquidity of the Company going forward, in particular adverse effects that could arise due to the ongoing COVID-19 pandemic and have deemed that due to the letter of support, they believe that the Company is well placed to manage its financing and future commitments over a period of at least 12 months from the date of the financial statements.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis

##### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements that comply with IFRS requires management to make judgements, estimates and assumptions which can affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis and revisions are recognised prospectively. Accounting judgements that have the most significant effects on reported amounts and further information about estimated uncertainties are highlighted in the relevant accounting policy in note 3.

#### **3 Accounting policies**

##### **Revenue recognition**

Revenue relates to ground rent and is recognised in the Statement of Profit or Loss over time as services are rendered. The transaction price depicts the amount of consideration to which the Company expects to be entitled in exchange for providing the services.

## **Lendlease Residential (BH) Limited**

### **Notes to the Financial Statements for the year ended 30 June 2021 (continued)**

#### **3 Accounting policies (continued)**

##### **Finance income and costs**

Finance income is recognised as it is earned using the effective interest method, which applies the interest rate that discounts estimated future cash receipts over the expected life of the financial instrument. The discount is then recognised as finance revenue over the remaining life of the financial instrument.

##### **Taxation**

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income for the financial year, using applicable tax rates (and tax laws) at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous financial years. The current tax payable or receivable includes amounts awaiting settlement of group relief with other Lendlease Europe Holdings Limited subsidiary entities.

Deferred tax is the expected tax payable or receivable in future periods as a result of past transactions or events and is calculated by comparing the accounting balance sheet to the tax balance sheet. Temporary differences are provided for any differences in the carrying amounts of assets and liabilities between the accounting and tax balance sheets. Temporary differences are not provided for on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they are not likely to reverse in the foreseeable future.

Measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using applicable tax rates and laws at the reporting date.

Recognition of deferred tax assets is only to the extent it is probable that future taxable profits will be available so as the related tax asset will be realised. Deferred tax assets may include deductible temporary differences, unused tax losses and unused tax credits.

Management considers the estimation of future taxable profits to be an area of estimation uncertainty as a change in any of the assumptions used in budgeting and forecasting would have an impact on the future profitability of the Company. Forecasts and budgets form the basis of future profitability to support the carrying value of deferred tax assets.

Presentation of deferred tax assets and liabilities can be offset if there is a legally enforceable right to offset current tax liabilities and assets, they relate to income taxes levied by the same tax authority, and they are intended to be settled on a net basis or realised simultaneously.

##### **Investments**

Equity investments in subsidiaries, joint ventures and associates are stated at cost less impairment. Adjustments are made to the carrying value to reflect the net realisable value of the investment where these are lower than cost. Management conducts annual impairment reviews.



## **Lendlease Residential (BH) Limited**

### **Notes to the Financial Statements for the year ended 30 June 2021 (continued)**

#### **3 Accounting policies (continued)**

##### **Trade and other receivables**

Trade and other receivables are non derivative financial assets with fixed or determinable payments that are not equity securities. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable.

Trade and other receivables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash receipts over the term of the receivables. Cash flows relating to short term trade and other receivables are not discounted if the effect of discounting is immaterial. The discount, if material, is then recognised as finance income over the remaining term.

The Company assesses provision for impairment of the receivables based on irrecoverable amounts and expected credit losses, if material. The Company considers reasonable and supportable information that is relevant and reliable. This includes both quantitative and qualitative information and analysis, based on the Company's historical impairment experience, credit assessment of customers and any relevant forward-looking information. The amount of provision is recognised in the Statement of Profit or Loss.

##### **Inventories**

The gross amount of work in progress consists of costs attributable to work performed, including recoverable pre contract and project bidding costs and emerging profit after providing for any foreseeable losses. In applying the accounting policies on providing for these losses accounting judgement is required.

Work in progress is presented as part of inventories for all contracts in which costs incurred exceeds cost of sales. If cost of sales exceed costs incurred, then the difference is presented in trade and other payables as an other payable.

The recoverable amount of each property is assessed at each Statement of Financial Position date and accounting judgement is required to assess whether a provision is raised where cost (including costs to complete) exceeds net realisable value.

Inventories are expensed as a cost of sales in the Statement of Profit or Loss. Management uses accounting judgement in determining:

- The apportionment of cost of sales through either land area or sales revenue;
- The amount of cost of sales, which includes costs incurred to date and final forecast costs; and
- The nature of the expenditure, which may include acquisition costs, development costs, borrowing costs and those costs incurred in preparing the property for sale.

##### **Trade and other payables**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Trade and other payables are settled in the normal course of business. Trade and other payables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash outflows over the term of the trade and other payables. Cash flows relating to short term trade and other payables are not discounted if the effect of discounting is immaterial. The discount, if material, is then recognised as a finance cost over the remaining term.

## **Lendlease Residential (BH) Limited**

### **Notes to the Financial Statements for the year ended 30 June 2021 (continued)**

#### **3 Accounting policies (continued)**

##### **S106 obligations payable**

The amount of these liabilities is based on the base obligations in the contract indexed by the BCIS index to the anticipated payment date. As it is deemed material, these amounts are then present valued back to the balance sheet date, with the impact of the discounting being recognised against inventory.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **4 Revenue**

The analysis of the Company's revenue for the year from continuing operations is as follows:

	<b>2021</b> <b>£ 000</b>	<b>2020</b> <b>£ 000</b>
Other revenue	<u>129</u>	<u>-</u>

#### **5 Results from operating activities**

Arrived at after crediting/(charging)

	<b>2021</b> <b>£ 000</b>	<b>2020</b> <b>£ 000</b>
Impairment of inventory	<u>(25)</u>	<u>-</u>

#### **6 Finance income and costs**

	<b>2021</b> <b>£ 000</b>	<b>2020</b> <b>£ 000</b>
<b>Finance income</b>		
Interest receivable from related parties	<u>42</u>	<u>39</u>

#### **7 Employees**

The Company did not employ any staff during the year (2020: nil).

## Lendlease Residential (BH) Limited

### Notes to the Financial Statements for the year ended 30 June 2021 (continued)

#### 8 Directors' remuneration

The directors of the Company were all directly employed by Lendlease Construction (Europe) Limited during the financial year. Their remuneration was recharged to the following entities:

J Clark: Lendlease Europe Limited  
 K White: Lendlease Development (Europe) Limited  
 J Davies: Lendlease Development (Europe) Limited  
 K Lansdown: Lendlease Development (Europe) Limited  
 P Leonard: Lendlease Development (Europe) Limited  
 L Brown: Lendlease Development (Europe) Limited

Any qualifying services in respect of the Company are considered to be incidental and part of the directors' overall management services for the above entities. The directors' remuneration for the current year and prior year is included in the financial statements of the above entities.

#### 9 Auditor's remuneration

	2021 £ 000	2020 £ 000
Audit of financial statements	(12)	(10)

The auditor's remuneration has been borne by a fellow group undertaking.

#### 10 Taxation

Tax credited in the Statement of Profit or Loss

	2021 £ 000	2020 £ 000
<b>Current tax</b>		
Current year	22	(7)
Adjustments for prior years	-	10
<b>Total current tax</b>	<b>22</b>	<b>3</b>
<b>Deferred tax</b>		
Change in tax rate	5	2
<b>Total deferred tax</b>	<b>5</b>	<b>2</b>
<b>Total income tax credit</b>	<b>27</b>	<b>5</b>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

# Lendlease Residential (BH) Limited

## Notes to the Financial Statements for the year ended 30 June 2021 (continued)

### 10 Taxation (continued)

	2021 £ 000	2020 £ 000
Loss before tax	(116)	(10)
Income tax using the domestic corporation tax rate 19% (2020: 19%)	22	2
Adjustments for prior year tax claim	-	10
Non allowable expenses	-	(9)
Tax rate changes	5	2
<b>Total income tax credit</b>	<b>27</b>	<b>5</b>

Budget 2021 announced an increase to the main rate of UK corporation tax from 19% to 25%. This was substantively enacted on 24 May 2021 and will be effective from 1 April 2023.

### Deferred tax

Deferred tax assets and liabilities are attributable to the following:

2021	Asset £ 000
Property, plant and equipment	21
2020	Asset £ 000
Property, plant and equipment	16

Deferred tax movement during the year:

	At 1 July 2020 £ 000	Recognised in income £ 000	At 30 June 2021 £ 000
Property, plant and equipment	16	5	21

Deferred tax movement during the prior year:

	At 1 July 2019 £ 000	Recognised in income £ 000	At 30 June 2020 £ 000
Property, plant and equipment	14	2	16

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit is probable. There are £3,148,321 of unused tax losses(2020 - £3,078,921) for which no deferred tax asset is recognised in the statement of financial position. Budget 2021 announced an increase to the main rate of UK corporation tax from 19% to 25%. This was substantively enacted on 24th May 2021 and will be effective from 1 April 2023. This future change to the rate of UK corporation tax has been incorporated into the valuation of deferred tax balances recognised in the statement of financial position.

## Lendlease Residential (BH) Limited

### Notes to the Financial Statements for the year ended 30 June 2021 (continued)

#### 11 Investments

The Company held investments as at 30 June 2021 with a value of £200 (2020: £200).

Details of the subsidiaries as at 30 June 2021 are as follows:

Name of subsidiary	Principal activity	Country of Incorporation	Note	Ownership and voting right %	
				2021	2020
Beaufort Western Properties Limited	Dormant company	United Kingdom	1	100%	100%
Lendlease Residential (Special Projects) Limited	Dormant company	United Kingdom	1	100%	100%
Trafalgar Place Residents Management Company Limited	Dormant company	United Kingdom	1	100%	100%
Trafalgar Place Estate Management Company Limited	Dormant company	United Kingdom	1	100%	100%

#### Notes - registered addresses:

1. 20 Triton Street, Regent's Place, London, NW1 3BF

#### 12 Inventories

	2021 £ 000	2020 £ 000
<b>Non current</b>		
Work in progress	627	494

The Company have reviewed the expected recoverability of the inventory value at 30 June 2021. Through this assessment in the current year the Directors have determined that an impairment of £25k was required to ensure that the inventory balance was held at the lower of cost and net realisable value. This inventory write down has been included within the cost of sales in the Statement of Profit or Loss and Other Comprehensive Income.

The Company has also considered the impacts of COVID-19 on its recoverability assessment of inventories at 30 June 2021. As part of its semi-annual review of development property projects, the Company has considered slow down in sales volumes in the short-term, longer production timeframes, and increased costs for its projects. From this assessment the Directors have determined that no impairment is required in this respect for the year ended 30 June 2021 (2020: £nil).

# Lendlease Residential (BH) Limited

## Notes to the Financial Statements for the year ended 30 June 2021 (continued)

### 13 Trade and other receivables

	2021 £ 000	2020 £ 000
<b>Current</b>		
Amounts owing from related parties	4,199	4,302
Other receivables	50	1
<b>Total trade and other receivables</b>	<b>4,249</b>	<b>4,303</b>

In the current reporting period, additional reviews were undertaken to assess recoverability in light of the COVID-19 pandemic and no additional risk has been identified.

There is no impairment recognised on any receivables and no receivables past due.

### 14 Cash and cash equivalents

	2021 £ 000	2020 £ 000
Bank overdrafts	(301)	(242)

### 15 Issued capital

#### Allotted, called up and fully paid shares

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	1	1	1	1

#### Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The holder of ordinary shares have the right to receive declared dividends from the Company and are entitled to one vote per share at meetings of the Company.

## **Lendlease Residential (BH) Limited**

### **Notes to the Financial Statements for the year ended 30 June 2021 (continued)**

#### **16 Trade and other payables**

	<b>2021</b> <b>£ 000</b>	<b>2020</b> <b>£ 000</b>
<b>Current</b>		
Trade payables	(1)	(2)
S106 obligations payable	(2,763)	(2,810)
Other payables	(278)	(93)
<b>Current trade and other payables</b>	<b>(3,042)</b>	<b>(2,905)</b>

#### **17 Parent and ultimate parent undertaking**

The Company's immediate parent is Lendlease Residential (CG) Limited.

The ultimate parent is Lendlease Corporation Limited.

##### **Relationship between entity and parents**

The parent of the largest group in which these financial statements are consolidated is Lendlease Corporation Limited, incorporated in Australia.

The address of Lendlease Corporation Limited is:

Level 14 Tower Three  
International Towers Sydney  
Exchange Place  
300 Barangaroo Avenue  
Barangaroo NSW 2000

The consolidated financial statements of that group may be obtained from [www.lendlease.com](http://www.lendlease.com).

The parent of the smallest group in which these financial statements are consolidated is Lendlease Europe Holdings Limited, incorporated in England and Wales.

The address of Lendlease Europe Holdings Limited is:

20 Triton Street  
Regent's Place  
London NW1 3BF

The consolidated financial statements of that group may be obtained from:

The Registrar of Companies  
Companies House  
Crown Way  
Maindy, Cardiff.

#### **18 Subsequent events**

In September 2021, the Company reached agreement with an external party in relation to an overage payment due on a residential land sale that occurred in 2014. This will result in pre-tax £6m in income for the Company in FY22. There were no other material events subsequent to the end of the financial reporting period.