

Bovis Lelliott Limited
Directors' report and
financial statements
Registered number 2989801
30 June 2009



Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2009.

Principal activities

The Company's principal activity is as a provider of project solutions in the construction industry in the United Kingdom.

The Company is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is 142 Northolt Road, Harrow, Middlesex, HA2 0EE.

These financial statements were authorised for issue by the Board of Directors on 7 October 2009.

Business review

The results for the year are set out in the attached income statement. The profit after tax for the year was £10,000 (2008: £24,000).

Dividend

The directors do not recommend a final dividend for the year (2008: £nil) and no interim dividend was paid during the year (2008: £nil).

Directors and directors' interests

The directors who served during the year are listed below:

B Dew (appointed 8 September 2008)
P Johnson (resigned 15 May 2009)
H Mursell (resigned 8 September 2008)
P Varga (appointed 15 May 2009)

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Auditors

A resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at a forthcoming General Meeting.

By order of the board


T Jnandran
Secretary

7 October 2009

142 Northolt Road
Harrow
Middlesex
HA2 0EE

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- 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 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.

KPMG LLP

PO Box 685
8 Salisbury Square
London
EC4Y 8BB

Independent auditors' report to the members of Bovis Lelliott Limited

We have audited the financial statements of Bovis Lelliott Limited for the year ended 30 June 2009 set out on pages 4 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement 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. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



W. Meredith (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

8 Salisbury Square
London
EC4Y 8BB

7 October 2009

Income statement

For the year ended 30 June 2009

	Notes	2009 £000	2008 £000
Revenue		-	2
Cost of sales		-	(1)
		<hr/>	<hr/>
Gross profit		-	1
Administrative expenses		-	-
		<hr/>	<hr/>
Operating profit		-	1
Finance income	6	14	33
		<hr/>	<hr/>
Profit before taxation	3	14	34
Taxation	7	(4)	(10)
		<hr/>	<hr/>
Profit for the year	11	10	24
		<hr/>	<hr/>

No operations were acquired or discontinued during the year (2008: none). There is no material difference between the results disclosed in the income statement and the result given on an unmodified historical cost basis.

Balance sheet

As at 30 June 2009

	Notes	2009 £000	2008 £000
Current assets			
Trade and other receivables	8	2	2
Cash and cash equivalents		797	783
Total assets		<u>799</u>	<u>785</u>
Current liabilities			
Trade and other payables	9	(14)	(10)
Net assets		<u>785</u>	<u>775</u>
Equity			
Ordinary shares	10	-	-
Retained earnings	11	785	775
Total equity		<u>785</u>	<u>775</u>

These financial statements were approved by the board of directors on 7 October 2009 and were signed on its behalf by:



B Dew
Director

Statement of changes in shareholders' equity

For the year ended 30 June 2009

	Notes	Ordinary share capital £000	Retained earnings £000	Total equity £000
Balance at 30 June 2007		-	751	751
Retained profit for the year	11	-	24	24
Balance at 30 June 2008		-	775	775
Retained profit for the year	11	-	10	10
Balance at 30 June 2009		-	785	785

Cash flow statement

For the year ended 30 June 2009

	Notes	2009 £000	2008 £000
Cash flows from operating activities			
Cash generated from operations	12	10	22
Interest received		14	33
Corporation tax paid		(10)	(12)
Net cash from operating activities		14	43
Net cash from financing activities		-	-
Net cash from investing activities		-	-
Net increase in cash and cash equivalents		14	43
Cash and cash equivalents at beginning of year		783	740
Cash and cash equivalents at end of year		797	783

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union and with those parts of the Companies Act 1985 and 2006 applicable to companies under IFRS.

The financial statements have been prepared under the historical cost convention.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business net of value added tax.

Sales of goods are recognised when goods are delivered and title has passed. Revenue from construction contracts is recognised in accordance with the Company's accounting policy on construction contracts.

Construction contracts

Where the outcome of the contract cannot be estimated reliably, contract revenue is recognised only to the extent that contract costs incurred are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

Where the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, revenue and cost are recognised over the period of the contract. The Company does not consider that the outcome of a construction contract can be reliably determined until it is at least 50% complete. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Company uses the "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the actual contract costs incurred up to the balance sheet date as a percentage of the total estimated costs for each contract. Provision is made for losses incurred or foreseen in bringing the contract to completion as soon as they become apparent.

The Company presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Progress billings not yet paid by customers are included within trade and other receivables. The Company presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are initially recorded at the rates of exchange prevailing on the date of the transaction. At each subsequent balance sheet date assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period. Foreign exchange differences are taken to the income statement in the period in which they arise. All exchange differences arising are dealt with in the income statement.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date. Temporary differences are differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

All receivables are regularly reviewed and a provision for impairment of trade receivables is established when there is objective evidence that all amounts may not be collectible according to the original terms of the sales transaction.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at bank. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and credit risk) and liquidity risk. The Company's risk management programme seeks to minimise potential adverse effects on the Company's financial performance.

Critical judgements in applying the entity's accounting policies

The preparation of financial statements under IFRS requires management to make estimates and assumptions that affect amounts recognised for assets and liabilities at the balance sheet date and the amounts of revenue and expenses incurred during the reporting period. Actual outcomes may therefore differ from these estimates and assumptions.

The Company's revenue recognition and long-term contract accounting (set out above) are central to the way the Company values the work it has carried out in each financial year. These policies require forecasts to be made of the outcomes of long-term construction and service contracts, which require assessments and judgements to be made on profit recognition, recovery of pre-contract costs, changes in work scope, contract programmes and maintenance liabilities.

Notes to the financial statements *(continued)*

2 Segmental information

The Company's turnover and results arose from, and the Company's net assets are deployed in, providing project solutions in the construction industry, primarily in the United Kingdom.

3 Profit before taxation

The remuneration of auditors for the current and prior accounting years of £5,000 has been borne by a fellow group undertaking.

4 Remuneration of directors

The directors did not receive any remuneration from the company for their services during the year (2008: *£nil*).

5 Staff numbers and costs

The company did not directly employ any staff during the year (2008: *none*).

6 Finance income

	2009 £000	2008 £000
Bank and other interest	14	33
	<u>14</u>	<u>33</u>
	<u><u>14</u></u>	<u><u>33</u></u>

7 Taxation

a) Tax on profit on ordinary activities

	2009 £000	2008 £000
Current tax:		
UK corporation tax	4	10
Adjustments in respect of prior years	-	-
Current tax charge	<u>4</u>	<u>10</u>
Deferred tax:		
Adjustments in respect of prior years	-	-
Deferred tax charge	<u>-</u>	<u>-</u>
Total tax charge in the income statement	<u><u>4</u></u>	<u><u>10</u></u>

Notes to the financial statements *(continued)*

7 Taxation *(continued)*

b) Reconciliation of the total tax charge

The tax charge for the year on the profit on ordinary activities is lower than the notional tax charge on those profits calculated at the UK corporation tax rate of 28% (2008: 29.5%). Any differences are explained below:

The differences are explained below:

	2009 £000	2008 £000
Profit on ordinary activities before tax	14	34
	<hr/>	<hr/>
Tax at 28% (2008: 29.5%)	4	10
Effect of:		
Adjustments in respect of prior years	-	-
	<hr/>	<hr/>
Tax charge in the income statement (note 7 (a))	4	10
	<hr/>	<hr/>

8 Trade and other receivables

	2009 £000	2008 £000
Amounts due from related parties	2	2
	<hr/>	<hr/>
	2	2
	<hr/>	<hr/>

Notes to the financial statements *(continued)*

9 Current trade and other payables

	2009 £000	2008 £000
Amounts due to related parties	10	-
Corporation tax	4	10
	<u>14</u>	<u>10</u>

10 Called up share capital

	2009 £	2008 £
<i>Authorised</i>		
1000 ordinary shares of £1 each	1000	1000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

11 Retained earnings

	2009 £000	2008 £000
At beginning of year	775	751
Profit for the year	10	24
At end of year	<u>785</u>	<u>775</u>

12 Cash flows from operating activities

	2009 £000	2008 £000
Cash flows from operating activities		
Net profit	10	24
Adjustments for:		
Tax charge	4	10
Investment income	(14)	(33)
Changes in working capital:		
(Increase)/decrease in trade and other receivables	-	17
(Increase)/decrease in amounts due from related parties	-	12
Decrease in trade and other payables	-	(2)
Increase/(decrease) in amounts due to related parties	10	(6)
Cash generated from operations	<u>10</u>	<u>22</u>

Notes to the financial statements *(continued)*

13 Contingent liabilities

There are claims outstanding which arise under contracts carried out by the company in the ordinary course of business. It is not possible to predict with any certainty the results of these claims but the directors believe, taking into account counter-claims, claims against third parties and provisions in the accounts, that the outcome will not have a material effect on the company's financial position.

14 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk), credit risk and liquidity risk. The Company's risk management programme seeks to minimise potential adverse effects on the Company's financial performance.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial commitment, a recognised asset or liability will fluctuate due to changes in foreign currency rates.

The Company operates predominantly within the UK such that its exposure to currency risk is considered to be minimal with no items in the current year being transacted in a foreign currency. As a result, there are no hedges in place with respect to any potential currency exposure.

Price risk

The Company does not have significant equity investments or investments in commodities and does not consider itself to be exposed to any significant equity, commodity or other price risk.

Commodities are procured in the open market with fixed price contracts transferring the pricing risk to the subcontractor. The maximum exposure is held between being awarded lump sum contracts and transferring the risk. This is mitigated by the lump sums being covered by trade prices or having sufficient inflation contingency.

Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Credit risk is managed by limiting the aggregate exposure to any one individual counterparty, taking into account its credit rating. Such counterparty exposures are regularly reviewed and adjusted as necessary. Accordingly, the possibility of material loss arising in the event of non-performance by counterparties is considered to be unlikely.

The maximum exposure to credit risk at the balance sheet date on financial assets recognised in the balance sheet equals the carrying amount, net of any impairment. The Company has no significant concentrations of credit risk on either a geographic or industry specific basis.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or future cash flow associated with the instrument will fluctuate due to changes in the market interest rates. The Company does not hold any significant financial instruments that are subject to interest rate risk.

Notes to the financial statements *(continued)*

14 Financial risk management *(continued)*

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. Liquidity risk is reduced through prudent cash management which ensures sufficient levels of cash are maintained to meet working capital requirements. The Company does not have any significant financial liabilities and considers that it has minimal exposure to liquidity risk.

Net fair values of assets and liabilities

All financial instruments recognised on the balance sheet, including those instruments carried at amortised cost, are recognised at amounts that represent a reasonable approximation of fair value.

Capital management

When investing capital, the Company's objective is to deliver strong shareholder returns and to continue to generate high levels of liquid assets in line with the Lend Lease Corporation capital management goals.

The Company actively manages the working capital on a daily basis with periodic narrative and recommendations prepared for senior management on movements, risk, exceptions and tracking against business targets. The Company operates under a strict regime of contract billings and debtor payment cycle and maximise liquidity.

There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

15 Related party transactions

The following transactions were carried out with related parties:

a) Sale of goods and services:

Goods are sold based on the price lists in force and terms that would be available to third parties. Recharges of services are negotiated with related parties on a cost-plus basis, allowing a margin reflecting standard commercial terms. There were no transactions with related parties in the year (2008: £nil)

b) Purchases of goods and services

Goods and services are bought from associates on normal commercial terms and conditions. Management services are recharged from the immediate, intermediate and ultimate parent on a cost-plus basis, allowing a margin reflecting standard commercial terms. There were no transactions with related parties in the year (2008: £nil).

c) Key management compensation/directors

Refer to note 4.

d) Year-end balances arising from sales/purchases of goods/services

At the year end the balances arising from the sale or purchase of goods and services to and from related parties were £nil (2008: £nil)

Notes to the financial statements *(continued)*

15 Related party transactions *(continued)*

This excludes all short and long term funding between the Company and its associates, including transactions paid by the Company and recharged to the relevant party. The total of these balances are included within the disclosures of note 8 and 9.

16 Ultimate parent undertaking and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Bovis Lend Lease Holdings Limited, which is registered in England and Wales. Its ultimate parent undertaking is Lend Lease Corporation Limited, which is incorporated in Australia.

The largest group in which the results of the company are consolidated is that headed by Lend Lease Corporation Limited. The consolidated financial statements of this group may be obtained from Level 4, 30 The Bond, 30 Hickson Road, Millers Point, New South Wales, Australia, 2000 or from its website at www.lendlease.com.au.

The smallest group in which the financial statements of the company are consolidated is that headed by Lend Lease Europe Holdings Limited. The consolidated financial statements of this group may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff.