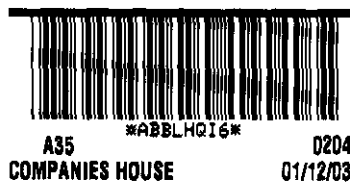


Bovis Lelliott Limited

**Directors' report and
financial statements**

Registered number 2989801

30 June 2003



Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities	2
Independent auditors report to the members of Bovis Lelliott Limited	3
Profit and loss account	4
Balance sheet	5
Notes to the accounts	6

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2003.

Principal activities

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

Business review

The results for the year are set out in the attached profit and loss account. The retained profit for the year was £304,000 (2002: loss £560,000).

Proposed dividend

The directors do not recommend the payment of a final dividend (2002 £nil).

Directors and directors' interests

Set out below are the directors who served during the year:

L Chatfield
A Ring
A Silverbeck

None of the directors who held office at the end of the financial year held any disclosable interest in group undertakings as recorded in the register of directors' interests.

No other directors served during the year.

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 Janandran
Company secretary

142 Northolt Road
Harrow
Middlesex
HA2 0EE

2003, November 25

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which 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 1985. 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 695
8 Salisbury Square
London
EC4Y 8BB

Independent auditors report to the members of Bovis Lelliott Limited

We have audited the financial statements on pages 4 to 10.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

27 November

2003

Profit and loss account
for the year ended 30 June 2003

	<i>Note</i>	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Turnover	2	22,302	24,595
Cost of sales		(21,817)	(25,243)
		<hr/>	<hr/>
Gross profit/(loss)		485	(648)
Administration expenses		(168)	(277)
		<hr/>	<hr/>
Operating profit/(loss)		317	(925)
Interest receivable and similar income		118	124
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	3	435	(801)
Tax on profit/(loss) on ordinary activities	6	(131)	241
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation		304	(560)
Retained profit brought forward		237	797
		<hr/>	<hr/>
Retained profit carried forward		541	237
		<hr/>	<hr/>

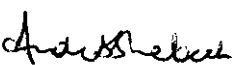
No operations were acquired or discontinued during the year (2002 none). There is no material difference between the results disclosed in the profit and loss account and the result given on an unmodified historical cost basis.

There were no recognised gains and losses in the year (2002: £nil) other than those shown above.

Balance sheet
as at 30 June 2003

	<i>Note</i>	30 June 2003		30 June 2002	
		£000	£000	£000	£000
Current assets					
Debtors	7	500		4,966	
Cash at bank and in hand		945		1,464	
		<u>1,445</u>		<u>6,430</u>	
Creditors: amounts falling due within one year	8	(904)		(6,193)	
		<u>541</u>		<u>237</u>	
Net assets		<u>541</u>		<u>237</u>	
Capital and reserves					
Called up share capital	9	-		-	
Profit and loss account		541		237	
Equity shareholders' funds	10	<u>541</u>		<u>237</u>	

These financial statements were approved by the board of directors on *25 November* 2003 and were signed on its behalf by:


A Silverbeck
Director

Notes

(forming part of 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 in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard No.1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

The related party transactions note included in the consolidated financial statements of the intermediary parent undertaking complies with the conditions of Financial Reporting Standard No.8 'Related Party Transactions'. The company is therefore exempt under from the requirement to prepare a separate note.

Turnover

Turnover represents the value of work performed during the period, exclusive of value added tax.

Profits

Profits are brought to account:

- for property construction, progressively at an amount equivalent to general overheads or an amount equivalent to the value of work performed when the outcome of a contract can be reliably determined (the company does not consider that the outcome of a construction contract can be reliably determined until it is at least 50% complete);
- for goods and services, when such goods or services have been supplied or rendered.

Stage of completion is measured by reference to actual costs to date as a percentage of total forecast costs for each contract. Provision is made for losses incurred or foreseen in bringing the contract to completion as soon as they become apparent.

Amounts recoverable on contracts

Amounts recoverable on contracts are included at cost plus attributable profit estimated to be earned to date, less provision for foreseeable losses and less progress payments received and receivable.

Payments received on account

Any excess of progress payments received and receivable on contracts over cost plus attributable profit estimated to be earned to date, less provisions for foreseeable losses, is included in creditors.

Taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation. In accordance with FRS 19 'Deferred Tax', deferred taxation is provided fully and on a non discounted basis at future corporation tax rates in respect of timing differences between profits computed for taxation and accounts purposes.

Notes (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 in the United Kingdom.

3 Profit/(loss) on ordinary activities before taxation

The remuneration of the auditors for the current and prior accounting years 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 (2002: £nil).

5 Staff numbers and costs

The company did not directly employ any staff during the year (2002: Nil).

The remuneration and pension contributions of staff and directors are borne by a fellow group undertaking which recovered their costs by way of a management charge to the company. The management charge was £39,000 (2002: £100,000).

6 Taxation

(a) Analysis of charge in year

	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Current tax:		
UK corporation tax expense/(credit) on profits for the year at 30%	129	(241)
Origination and reversal of timing differences	(2)	-
	<hr/>	<hr/>
Total current tax (note 6 (b))	127	(241)
Deferred tax:		
Origination and reversal of timing differences (note 6 (d))	2	-
Adjustment in respect of previous periods (note 6 (d))	2	-
	<hr/>	<hr/>
Tax on profit/(loss) on ordinary activities	131	(241)
	<hr/>	<hr/>

The corporation tax credit represents the amount receivable by the company in respect of losses carried back to the previous year or surrendered to other group companies.

Notes *(continued)*

(b) Factors affecting tax charge for year

The tax assessed for the year is the same as the standard rate of corporation tax (30%):

	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Profit/(loss) on ordinary activities before tax	435	(801)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	129	(241)
Effects of: Origination and reversal of timing differences	(2)	-
Current tax charge/(credit) for year (note 6 (a))	127	(241)

(c) Factors that may affect future tax charges

Future effective tax rates may vary due to adjustments for previous years.

(d) Deferred taxation

	30 June 2003 £000	30 June 2002 £000
Deferred tax asset at start of year	10	10
Deferred tax charge in the profit and loss account for the year	(4)	-
Deferred tax asset at end of year	6	10

The deferred tax asset relates to short term timing differences.

Notes (continued)

7 Debtors

	30 June 2003 £000	30 June 2002 £000
Trade debtors	463	4,466
Amounts recoverable on contracts	24	234
Prepayments	6	15
Deferred taxation	6	10
Other debtors	1	241
	<hr/> 500 <hr/>	<hr/> 4,966 <hr/>

8 Creditors: amounts falling due within one year

	30 June 2003 £000	30 June 2002 £000
Payments received on account	325	915
Trade creditors	325	3,100
Amounts owed to parent and fellow subsidiary undertakings	120	2,049
Corporation tax	127	-
Other creditors including taxation and social security	7	129
	<hr/> 904 <hr/>	<hr/> 6,193 <hr/>

9 Share capital

	30 June 2003 £	30 June 2002 £
<i>Authorised share capital</i>		
Ordinary shares of £1 each	<hr/> 1,000 <hr/>	<hr/> 1,000 <hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<hr/> 2 <hr/>	<hr/> 2 <hr/>

Notes *(continued)*

10 Reconciliation of movements in equity shareholders' funds

	30 June 2003 £000	30 June 2002 £000
Opening equity shareholders' funds	237	797
Retained profit/(loss) for the year	304	(560)
	<hr/>	<hr/>
Closing equity shareholders' funds	541	237
	<hr/>	<hr/>

11 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.

12 Ultimate parent company 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 46, Australia Square, George Street, Sydney, Australia.

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.