Bovis Lend Lease Pharmaceutical Limited

Directors' report and financial statements

Registered number 3133137

30 June 2009

Directors' report and financial statements

Contents

Directors' report

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

Principal activities
The principal activity of the Company is that of providing specialised pharmaceutical consulting and regulatory affairs advice and design, construction and project management services to the pharmaceutical, biotechnology and high technology industries

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 24 March 2010

Business review
The current economic conditions have been challenging and have had a significant impact on the Company during the financial year to 30 June 2009 Most notably was a reduction in spending on R&D by some of our key clients in the Pharmaceutical sector The Company has not seen the growth in waste and bio-containment projects that it had anticipated due to delays in government spending The combination of these factors has led to a reduced turnover for the year of £60,139,176 (2008 £84,908,647)

The Company's ongoing gross profitability will depend on an upturn in consulting opportunities and increased investment in the Pharmaceutical and Waste sectors, with projects such as Lancashire Waste and GSK B9 in Ware contributing further significant revenue streams for the business

The Company reported a retained loss for the year of £660,045 *(2008 profit of £761,010)*

During the year the Company's net assets decreased to £5,858,082 *(2008 £6,518,127)*

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

G B Forbes (resigned 9 November 2009)
P D Leonard
B Dew (appointed 8 October 2009)
D Sutton (appointed 8 October 2009)

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

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

Directors' report *(continued)*

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

Employees

Disabled persons
It is the Company's policy to give full and fair consideration to applications for employment made by disabled persons having regard to their aptitudes and abilities The Company also uses its best endeavours to provide continuing employment for employees who are disabled whilst the Company employs them and, where appropriate provides facilities for training and retraining and opportunities for career development and promotion

The methods and media used to do this include

- 'Hive", the group s intranet site, which is updated with daily news on the activities taking place within the group, both regionally and globally, and regularly publishes detailed information on Bovis Lend Lease and Lend Lease Corporation

- 'Interlink', Lend Lease Corporation s magazine

- 'Global Update", annual employee update meetings

- "Coffee talks" – at which senior directors meet with small groups of employees to brief them on aspects of the business and answer their questions

- Notice board displays of matters of interest and importance relating to the Company and to the group, such as health and safety, vision and values and financial matters

All employees are encouraged to show an awareness of the objectives of the Company and the standards of performance required in relation to the specific activities in which they are engaged

Lend Lease Corporation's core values are published widely They encourage a culture of involvement and performance The five core values are 'Respect', 'Integrity', 'Innovation', 'Collaboration' and 'Excellence'

Safety is a critical issue both on site and in our offices With this in mind, Incident & Injury Free was launched in 2002 to encourage people to consider the safety and welfare of others as well as themselves It is a global programme that sets out Lend Lease s commitment to a safe working environment and involves everyone who works on our sites and in our offices, promoting the need for behavioural change and consistent safety standards We continue to actively promote this commitment

Bovis Lend Lease is strategically and culturally committed to sustainability It seeks, through its actions, to achieve economic development social enrichment, and environmental protection – the three components of sustainable development In 2007 a corporate strategic action plan for sustainability has been implemented, and as a wholly owned subsidiary of Lend Lease Corporation Limited, BLL became founding members of the UK Green Building Council, a new initiative to improve the construction sectors sustainability performance Elsewhere its work in sustainability has been independently recognised by various national awards

Creditor payment policy
The Company's policy is to pay suppliers in accordance with terms and conditions agreed when orders are placed Where payment terms have not been specifically agreed, then the invoices received each calendar month are paid close to the end of the following month This policy is understood by the purchasing and financing departments The Company has procedures for dealing promptly with complaints and disputes

The number of days billings from suppliers outstanding at the end of the year was 17 days (*2008 12 days*)

Directors' report *(continued)*

Political and charitable donations
The Company made no political contributions during the year (*2008 £nil*) The Company made no donations to UK charities *(2008 £nil)*

By order of the board

B Dew
Director

24 March 2010

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 Lend Lease Pharmaceutical Limited

We have audited the financial statements of Bovis Lend Lease Pharmaceutical Limited for the year ended 30 June 2009 set out on pages 7 to 25 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 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 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 5, 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 loss 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

W Meredith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

8 Salisbury Square
London
EC4Y8BB

30 March 2010

Income statement

For the year ended 30 June 2009

	Notes	2009	2008
		£	£
Revenue		**60,139,176**	84,908,647
Cost of sales		**(55,425,114)**	(80,099,279)
Gross profit		**4,714,062**	4,809,368
Administrative expenses		**(5,538,937)**	(4,454,463)
Operating (loss)/profit		**(824,875)**	354,905
Finance income	6	**86,770**	263,008
Finance costs	7	**(360,360)**	-
(Loss)/profit before taxation	3	**(1,098,465)**	617,913
Taxation	8	**438,420**	143,097
(Loss)/profit for the year	16	**(660,045)**	761,010

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		2008
		£	£	£	£
Non-current assets					
Property, plant and equipment	9		**53,242**		105,445
Deferred tax assets	12		**177,050**		114,876
			230,292		220,321
Current assets					
Trade and other receivables	10	**14,654,487**		16,384,005	
Cash and cash equivalents		**1,798,179**		4,123,876	
		16,452,666		20,507,881	
Total assets			**16,682,958**		20,728,202
Current liabilities					
Trade and other payables	13	**(10,808,972)**		(14,182,097)	
Provision for liabilities and charges	14	**(15,904)**		(27,978)	
		(10,824,876)		(14,210,075)	
Net current assets			**5,627,790**		6,297,806
Net assets			**5,858,082**		6,518,127
Equity					
Ordinary shares	15		**850,500**		850,500
Retained earnings	16		**5,007,582**		5 667,627
Total equity			**5,858,082**		6,518,127

These financial statements were approved by the board of directors on 24 March 2010 and were signed on its behalf by

B Dew
Director

D Sutton
Director

Statement of changes in shareholders' equity
For the year ended 30 June 2009

	Notes	Ordinary share capital	Retained earnings	Total equity
		£	£	£
Balance at 30 June 2007		850,500	4,906,617	5,757,117
Retained profit for the year	16	-	761,010	761,010
Balance at 30 June 2008		**850,500**	**5,667,627**	**6,518,127**
Retained loss for the year	16	-	(660,045)	(660,045)
Balance at 30 June 2009		**850,500**	**5,007,582**	**5,858,082**

Cash flow statement
For the year ended 30 June 2009

	Notes	2009	2008
		£	£
Cash flows from operating activities			
Cash generated from operations	17	**(2,000,437)**	2,345,043
Taxation paid		**(49,977)**	(1,802,816)
Interest paid		**(360,360)**	-
Net cash from operating activities		**(2,410,774)**	542 227
Cash flows from investing activities			
Proceeds from sale of investments		-	-
Property plant and equipment acquisitions		**(1,693)**	(87,977)
Proceeds from sale of property plant and equipment		-	-
Interest received		**86,770**	263 008
Net cash used in investing activities		**85,077**	175,031
Net increase/(decrease) in cash and cash equivalents		**(2,325,697)**	717,258
Cash and cash equivalents at beginning of year		**4,123,876**	3,406 618
Cash and cash equivalents at end of year		**1,798,179**	4,123,876

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 and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS")

The Company is not required to prepare consolidated financial statements under section 400 of the Companies Act 2006 and IAS 27 – "Presentation of Consolidated Financial Statements" as it is a subsidiary of another entity that prepares consolidated financial statements As such, the results presented here are for the Company as an individual undertaking and not of its Group

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)

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Property, plant & equipment and depreciation

Property, plant & equipment is stated at historical cost less depreciation

Depreciation is provided by the Company to write off the cost less the estimated residual value of other tangible fixed assets over their useful economic lives as follows

Furniture and fixtures	-	10% - 33% per annum, straight line
Computers and electronic equipment	-	33% per annum, straight line

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

Pension costs

Contributions in respect of defined benefit pension schemes are calculated as a percentage, agreed based on actuarial advice, of the pensionable salaries of employees The cost of providing pensions is charged to the profit and loss account over the periods benefiting from the services of employees

The Company participates in a group wide pension scheme providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the Company The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by IAS 19 'Employee benefits', accounts for the scheme as if it were a defined contribution scheme As a result, the amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period

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 timing differences that have originated but not reversed at the balance sheet date Timing differences are differences between the Company's taxable profits and its results as stated 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 subsequently 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

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Leased assets

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease Lease incentives received are spread over the lease term

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 cash in hand and at bank Bank overdrafts are shown within borrowings in current liabilities on the balance sheet

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

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

Notes to the financial statements *(continued)*

3 Profit before taxation

	2009	2008
	£	£
Profit before taxation is stated after charging:		
Auditors remuneration and expenses for		
Audit services	-	-
Non-audit services	-	-
Exchange (gains)/losses	**18,128**	(22,320)
Depreciation of tangible fixed assets	**53,896**	62,950
Rentals payable under operating leases		
Land and buildings	**200,599**	501,227
Other	**26,882**	51,116
Staff costs (note 5)	**7,940,015**	9,559,807
Bad Debt Impairment	**(59,000)**	261,000

The remuneration of the auditors for the current and prior accounting years of £25,000 has been borne by a fellow group undertaking

4 Remuneration of directors

Directors emoluments

	2009	2008
	£	£
Aggregate emoluments	**347,159**	347,951
Company contributions to money purchase pension schemes	**31,265**	30,310
	378,424	378,261

Highest paid director

	2009	2008
	£	£
Total amount of emoluments and amounts receivable under long-term incentive schemes	**198,624**	213,099
Defined benefit pension scheme		
Accrued benefit at end of year	-	19,621
	198,624	232,720

Notes to the financial statements *(continued)*

5 Staff numbers and costs

The average number of employees engaged in the activity of providing project solutions in the construction industry was 122 *(2008 155)* The aggregate payroll costs of these employees were as follows

	2009 £	2008 £
Wages and salaries	**6,453,754**	7,877,664
Social security costs	**661,208**	788,518
Other pension costs (see note 21)	**825,053**	893,625
	7,940,015	9,559,807

The staff numbers and costs exclude staff which are seconded to other companies

6 Finance income

	2009 £	2008 £
Bank and other interest	**86,770**	263,008
	86,770	263,008

7 Finance costs

	2009 £	2008 £
Interest payable to parent and other group undertakings	**339,781**	-
Foreign exchange loss	**18,128**	-
Other	**2,451**	-
	360,360	-

8 Taxation

a) Tax on (loss)/profit on ordinary activities

	2009 £	2008 £
Current tax		
UK corporation tax	**(423,804)**	22,134
Adjustments in respect of previous periods	**47,557**	(253,000)
Total current tax (note 8 (b))	**(376,247)**	(230,866)
Deferred tax		
Property, plant and equipment related temporary differences	**(14,616)**	27,351
Adjustments in respect of prior years	**(47,557)**	60,418
Deferred tax (credit)/charge	**(62,173)**	87,769
Tax on profit on ordinary activities	**(438,420)**	(143,097)

Notes to the financial statements *(continued)*

8 Taxation (continued)

b) Reconciliation of the total tax credit

The tax credit for the year on the (loss)/profit on ordinary activities is lower than the notional tax charge on those (losses)/profits calculated at the UK corporation tax rate of 28% *(2008 29 5%)*

Any differences are explained below

	2009 £	2008 £
(Loss)/profit on ordinary activities before tax	**(1,098,465)**	617,913
Tax at 28% (2008 29 5%)	**(307,440)**	182,284
Effects of		
Expenses not deductible for tax purposes	**1,793**	8,552
Other permanent differences	**(132,773)**	(139,886)
Rate change	**-**	(1,465)
Adjustments in respect of previous periods	**-**	(192,582)
Tax credit in the income statement (note 8 (a))	**(438,420)**	(143,097)

c) Deferred Taxation

See Note 12

9 Property, plant and equipment

	Computers and electronic equipment £	Furniture and fixtures £	Total £
Cost or valuation			
At beginning of year	420,529	169,524	590,053
Additions	-	1,693	1,693
At end of year	420,529	171,217	591,746
Depreciation and diminution in value			
At beginning of year	353,037	131,571	484,608
Charge for year	42,957	10,939	53,896
At end of year	395,994	142,510	538,504
Net book value			
At 30 June 2009	**24,535**	**28,707**	**53,242**
At 30 June 2008	67,492	37,953	105,445

Notes to the financial statements *(continued)*

10 Trade and other receivables

	2009	2008
	£	£
Trade receivables	**10,344,188**	9,071,161
Amounts due from related parties	**2,359,610**	2,127,495
Other debtors	**587,980**	3,267,008
Construction contract work in progress	**954,352**	1,416,367
Corporation tax	**376,247**	-
Prepayments and accrued income	**32,110**	501,974
	14,654,487	16,384,005

The ageing of trade receivables at the reporting date was

	2009 Gross £000	**2009 Impairment £000**	2008 Gross £000	2008 Impairment £000
Not past due	**-**	**-**	3,273	-
Past due 0-90 days	**1,539**	**-**	2,308	-
More than 90 days	**9,008**	**202**	3,751	261
	10,547	**202**	9,332	261

The movement in the allowance for impairment in respect of trade receivables during the year was as follows

	2009	2008
	£000	£000
Balance as at 1 July	**261**	-
Impairment loss/(gain) recognised	**(59)**	261
Balance as at 30 June	**202**	261

The directors believe that no impairment allowance is necessary in respect of trade receivables not past due

11 Construction contracts

	2009	2008
	£	£
Contracts in progress at the balance sheet date		
- amounts due from contract customers	**954,352**	1,416,367
- amounts due to contract customers	**(4,058,577)**	(5,382,639)
Net amounts due to contract customers	**(3,104,225)**	(3,966,272)

During the year ended 30 June 2009, all revenue recognised in the income statement is derived from construction contracts

At 30 June 2009, retentions held by customers for contract work amounted to £376,926 *(2008 £2,456,552)* Contract advances amounted to £4,058,577 *(2008 £5,382,639)*

Notes to the financial statements *(continued)*

12 Deferred taxation

The deferred tax amounts are recognised as follows

	2009	2008
	£	£
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	177,050	114,876

Deferred tax assets	**Decelerated capital allowances £**	**Total £**
At 1 July 2008	202,645	202,645
Charged to the income statement	(87,769)	(87,769)
As at 30 June 2008	114,876	114,876
Charged to the income statement	62,174	62,174
As at 30 June 2009	**177,050**	**177,050**

13 Current trade and other payables

		2009		2008
	£	**£**	£	£
Payments received on account for construction work		**4,058,577**		5,382,639
Trade payables		**2,683,523**		1,995 089
Amounts due to related parties		**3,133,606**		6,484,411
Other creditors including taxation and social security				
Corporation tax	-		49,976	
		-		49,976
Accruals and deferred income		**933,266**		269,982
		10,808,972		14,182,097

Amounts due to related parties are unsecured, have no fixed repayment terms and bear no interest

14 Provisions for liabilities and charges

	Other Provision £	**Total** £
At 1 July 2008	27,978	27,978
Used during the year	(12,074)	-
At 30 June 2009	**15,904**	27,978

Notes to the financial statements *(continued)*

15 Called up share capital

	2009 Number of shares		2008 Number of shares	
	No	**£**	No	£
Authorised				
Ordinary shares of £1 each	**860,000**	**860,000**	860,000	860,000
Allotted, called up and fully paid				
Ordinary shares of £1 each	**850,500**	**850,500**	850,500	850,500

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

16 Retained earnings

	2009 £	2008 £
At beginning of year	**5,667,627**	4,906,617
Profit for the year	**(660,045)**	761,010
At end of year	**5,007,582**	5,667,627

17 Cash flows from operating activities

	2009 £	2008 £
Cash flows from operating activities		
Net (loss)/profit	**(660,045)**	761,010
Adjustments for		
Tax credit	**(438,420)**	(143,097)
Finance cost	**360,360**	-
Investment income	**(86,770)**	(263 008)
Depreciation	**53,896**	62,950
Changes in working capital		
Decrease/(increase) in trade and other receivables	**1,868,016**	(19,152)
Decrease in prepayments	**469,864**	88,393
Increase in amounts owed by related parties	**(232,115)**	(1,494,574)
(Increase)/decrease in trade and other payables	**(635,628)**	1,628,242
(Decrease)/increase in amounts due to related parties	**(3,350,805)**	2,474,396
Increase/(decrease) in accruals and other liabilities	**651,210**	(750,117)
Cash generated from operations	**(2,000,437)**	2,345,043

Notes to the financial statements *(continued)*

18 Commitments

Operating leases

The future aggregate minimum lease payments under non-cancellable operating leases are as follows

	2009		2008	
	Land and Buildings	**Other**	Land and Buildings	Other
	£	**£**	£	£
Operating leases which expire				
Within one year	**190,099**	**922**	510,115	12,456
Between one and five years	-	-	-	936
Over five years	-	-	-	-
	190,099	**922**	510,115	13,392

19 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

20 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 only a small proportion of items both in terms of volume and value transacted in a foreign currency As a result, there are no hedges in place with respect to any potential currency exposure

The Company does not have any material exposure to foreign currency

The Company has carried out a sensitivity analysis and does not consider that it has material exposure to changes in the exchange rates at the year-end reporting date

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

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

Notes to the financial statements *(continued)*

20 Financial risk management (continued)

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 only financial instruments that the Company holds and are subject to interest rate risk are financial assets in the form of loans to associated companies which do not have specified repayment terms

Interest is charged based upon an average annual rate as specified by Group treasury and it is considered that a movement in the interest rates at the reporting date would not have a material affect on profit or loss

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 following are the contractual cash flow maturities of financial liabilities as at 30 June 2009

30 June 2009	Carrying Amount £000	Contractual Cash flows £000	6 mths or less £000	6-12 mths £000	1-2 years £000	2-5 years £000	More than 5 years £000
Non-derivative financial liabilities							
Trade and other payables – current	6,751	6,751	4,969	1,782	-	-	-
Total	**6,751**	**6,751**	**4,969**	**1,782**	-	-	-

30 June 2008	Carrying Amount £000	Contractual Cash flows £000	6 mths or less £000	6-12 Mths £000	1-2 Years £000	2-5 years £000	More than 5 years £000
Non-derivative financial liabilities							
Trade and other payables – current	9,284	9,284	7,080	2,204	-	-	-
Total	**9,284**	**9,284**	**7,080**	**2,204**	-	-	-

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

Notes to the financial statements *(continued)*

20 Financial risk management (continued)

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

21 Pension scheme

The Company participates in the Lend Lease UK Pension Scheme in respect of its employees Contributions paid to the scheme are based on pension costs across the companies within the Lend Lease UK Pension Scheme as a whole The scheme is a group plan for which there is no contractual agreement or stated policy for charging the costs for the plan as a whole

In accordance with IAS 19 the net defined benefit cost is recognised in the financial statements of Bovis Lend Lease Holdings Limited, the legal sponsor for the plan Accordingly the scheme is accounted for as a defined contribution scheme in the accounts of the Company Details of this defined benefits scheme, including the level of solvency and the basis on which the future contribution rate is determined and the disclosures required under IAS 19, are set out in the financial statements of Bovis Lend Lease Holdings Limited (the Company's immediate parent undertaking), which sponsors the scheme The financial statements of this group may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff

For the year ended 30 June 2009 the Company contributions paid to the Lend Lease UK Pension Scheme were £825,053 (2008 £760,109) Contributions to the Group Personal pension Scheme were £122,816 (2008 £133,516)

These contributions were based on the funding agreement following the full actuarial valuation of the Lend Lease UK Pension Scheme carried out by the Scheme Actuary as at 31 March 2005 Discussions have reached an advanced stage to agree the future funding of the Scheme following the actuarial valuation as at 31 March 2008 Subsequent to the approval of Bovis Lend Lease Holdings Limited's financial statements for the year ended 30 June 2009, the actuarial valuation has now been agreed between the trustees and the company

The disclosures have been based on the full assessment of the liabilities of the Scheme as at 31 March 2008 The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method

Note 5 to the financial statements show the total cost to the Company of the main schemes operating during the year

Extract from the financial statements of Bovis Lend Lease Holdings Limited

a) Principal actuarial assumptions

	30 June 2009	30 June 2008	30 June 2007	30 June 2006
	% p.a	% p a	% p a	% p a
Pension increases post April 2005	2 7	2 9	2 7	2 6
Rate of increase in salaries	n/a	5 6	4 7	4 5
Inflation assumption	3 9	4 1	3 2	3 0
Discount rate applied to scheme liabilities	6 5	6 4	5 5	5 3
Expected rate of return	6 1	7 0	7 5	7 3

Notes to the financial statements *(continued)*

21 Pension scheme (continued)

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which due to the timescale covered, may not necessarily be borne out in practice

The overall expected rate of return on the scheme assets is a weighted average of the individual expected rates of return on each asset class

Bovis Lend Lease Holdings employs a building block approach in determining the long-term rate of return on pension plan assets Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles The assumed long-term rate of return on each asset class is set out within this note The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Scheme at the 30 June 2009

b) Bovis Lend Lease Holdings acts as a sponsor for its group pension scheme, the Lend Lease UK Pension Scheme which is a funded Scheme of the defined benefit type A separate section, the Personal Investment Section, provides retirement benefits on a defined contribution basis The Company's contributions to members' PIF accounts are not included in these disclosures

The Final Salary Section was closed to future accrual on 31 August 2008 and members of this Section joined the Index- Linked Section for service from 1 September 2008 These members have retained leaving service benefits in the Final Salary Section

There exists a pension deficit in the scheme as at 30 June 2009 *(2008 deficit)*

Regular employer contributions to the Lend Lease UK Pension Scheme in 2009/10 are estimated to be £15 1m *(2008 £15 7m)*

For the year ended 30 June 2009 Bovis Lend Lease Holdings contributions paid to the Lend Lease UK Pension Scheme were £21,100,000 *(2008 £21,000,000)*

c) Reconciliation of the present value of defined benefit obligations

	30 June 2009 £000	30 June 2008 £000
Present value of defined benefit obligations at beginning of financial year	**335,800**	323,000
Current service cost	**10,200**	14,900
Interest cost on benefit obligation	**20,300**	17 900
Contributions by scheme participants	**200**	-
Actuarial (losses) / gains	**9,600**	(11,500)
Benefits paid	**(12,900)**	(8,500)
Curtailments	**(24,500)**	-
Present value of defined benefit obligations at end of financial year	**338,700**	335,800

Notes to the financial statements *(continued)*

21 Pension scheme (continued)

d) Reconciliation of the fair value of plan assets

	30 June 2009 £000	30 June 2008 £000
Fair value of plan assets at beginning of financial year	**298,100**	274,300
Expected return on plan assets	**18,800**	20,000
Actuarial gains	**(51,300)**	(8,900)
Contributions by group companies	**21,100**	21,000
Contributions by scheme participants	**200**	-
Benefits paid	**(12,900)**	(8,300)
Fair value of plan assets at end of financial year	**274,000**	298,100

e) Categories of plan assets

	% held at 30 June 2009	% held at 30 June 2008
Equity Instruments	**32**	43
Corporate Bonds	**15**	-
Multi Strategy Funds	**9**	11
Liability Driven Instruments (including govt bonds)	**40**	45
Other	**4**	1
	100	100

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme s liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Long-term rate of return expected at 30 June 2009 % p.a.	Value at 30 June 2009 £000	Long-term rate of return expected at 30 June 2008 % p a	Value at 30 June 2008 £000	Long-term rate of return expected at 30 June 2007 % p a	Value at 30 June 2007 £000	Long-term rate of return expected at 30 June 2006 % p a	Value at 30 June 2006 £000
Equities	8 5	112,700	8 4	161,500	8 9	182,800	8 6	149,800
Corporate bonds	6 0	41,100	5 4	-	5 4	-	5 2	35,600
Fixed interest gilts	4 9	-	4 9	-	4 9	-	4 6	12,000
Liability driven investments	4 2	109,400	5 2	133,700	4 7	76,100	-	-
Other	2 0	10,800	6 0	2,900	5 5	15,400	4 8	37,200
Balance at 30 June 2009	**6 1**	**274,000**	7 0	298,100	7 5	274,300	7 3	234,600

Notes to the financial statements *(continued)*

22 Related party transactions

The following transactions were carried out with related parties

a) Sale of goods and services

	2009 £	2008 £
Sale of goods to		
- Associates	**6,947,317**	6,852,833
Recharge of services to		
- Associates	**23,961**	23,961
	6,971,278	6,876,794

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

b) Purchases of goods and services

	2009 £	2008 £
Purchases of goods from		
- Associates	**2,227,045**	780,415
Recharge of services by		
- Associates	**(18,843)**	(18,843)
	2,208,202	761,572

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

c) Key management compensation/directors

Refer to note 4

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

	2009 £	2008 £
Receivables from related parties (note 10)		
- Associates	**2,359,610**	2,127,495
	2,359,610	2,127,495
Payables to related parties (note 13)		
- Immediate parent	**3,133,606**	6,484,411
	3,133,606	6,484,411

Notes to the financial statements *(continued)*

22 Related party transactions (continued)

The above disclosures exclude 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 10, 11 and 13

23 Ultimate parent undertaking and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of Tanshire Limited, a company incorporated 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, or from its website at www lendlease com au

The smallest group in which they are consolidated is that headed by Lend Lease Europe Holdings Limited, incorporated in England and Wales The consolidated financial statements of this group are available to the public and may be obtained from Registrar of Companies, Companies House, Crown Way, Cardiff