

## **Lend Lease Pharmaceutical (EMEA) Limited**

Directors' report and  
financial statements  
30 June 2015  
Registered number 3133137

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## Directors' report and financial statements

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## **Directors' report**

The directors present their directors' report and the audited financial statements for the year ended 30 June 2015

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

These financial statements were authorised for issue by the Board of Directors on 23 February 2016.

### **Business review, risks and uncertainties**

The Company has continued to wind down its operations in the year to 30 June 2015, leading to a reduced revenue of £50,000 (2014: £382,000).

The Company reported a retained profit for the year of £361,000 (2014: loss of £814,000).

During the year the Company's net assets increased to £2,000 (2014: net liabilities £359,000).

### **Dividend**

The directors do not recommend a final dividend for the year (2014: £nil). No interim dividend was declared during the year (2014: £nil).

### **Directors and their interests**

The directors who served during the year are listed below:

P Gandy (resigned 31/07/2014)

M Heyes (appointed 01/08/2014)

N Martin (appointed 31/07/2014)

None of the directors and secretary 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 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.

### **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.

**Directors' report** (*continued*)

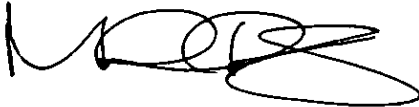
**Creditor payment policy**

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.

**Political donations**

The Company made no political contributions during the year (2014: £nil).

By order of the board

A handwritten signature in black ink, appearing to be 'M Heyes', written over a horizontal line.

**M Heyes**

*Director*

23 February 2016

### **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 judgements 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEND LEASE PHARMACEUTICAL (EMEA) LIMITED

We have audited the financial statements of Lend Lease Pharmaceutical (EMEA) Limited for the year ended 30 June 2015 set out on pages 5 to 18. 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 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on, 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### 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 2015 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

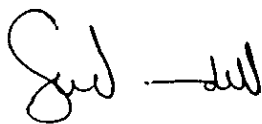
### Opinion on other matter prescribed by the Companies Act 2006

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 by the parent company, 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Stephen Wardell (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor

*Chartered Accountants*

15 Canada Square

London

E14 5GL

24 February 2016

**Statement of comprehensive income**  
*for the year ended 30 June 2015*

	<i>Notes</i>	<b>2015</b>	<b>2014</b>
		<b>£000</b>	<b>£000</b>
<b>Revenue</b>		<b>50</b>	<b>382</b>
Cost of Sales		<u>(94)</u>	<u>(593)</u>
<b>Gross loss</b>		<b>(44)</b>	<b>(211)</b>
Administration expenses		<u>(255)</u>	<u>(34)</u>
<b>Operating Loss</b>		<b>(299)</b>	<b>(245)</b>
Finance income	6	<b>793</b>	<b>6</b>
Finance costs	7	<b>(38)</b>	<b>(803)</b>
<b>Profit/(Loss) before taxation</b>	3	<u><b>456</b></u>	<u><b>(1 042)</b></u>
Tax on profit/(loss) on ordinary activities	8	<b>(95)</b>	<b>228</b>
<b>Profit/(Loss) on ordinary activities after taxation</b>		<u><u><b>361</b></u></u>	<u><u><b>(814)</b></u></u>
<b>Profit/(Loss) for the year and total comprehensive income</b>		<u><u><b>361</b></u></u>	<u><u><b>(814)</b></u></u>

All activities are continuing

The company had no recognised gains or losses other than the profit for the year

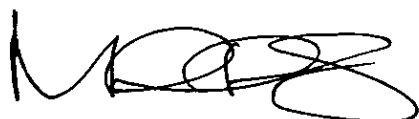
No operations were acquired or discontinued during the year (2014: none). There is no material difference between the results disclosed in the income statement and the result given on an unmodified historical cost basis.

The notes to and forming part of the financial statements are set out on pages 9 to 18

**Statement of financial position**  
**at 30 June 2015**  
Registered number 3133137

	<i>Notes</i>	<b>2015</b>	<b>2014</b>
		<b>£000</b>	<b>£000</b>
<b>Current assets</b>			
Cash and cash equivalents		1,610	1 387
Trade and other receivables	9	<u>855</u>	<u>4 488</u>
		<b>2,465</b>	<b>5 875</b>
<b>Total assets</b>		<b>2,465</b>	<b>5 875</b>
<b>Current liabilities</b>			
Trade and other payables	11	(2,408)	(6 217)
Provision for liabilities and charges	12	(17)	(17)
Other financial liabilities	13	<u>(38)</u>	<u>-</u>
		<b>(2,463)</b>	<b>(6 234)</b>
<b>Net assets/(liabilities)</b>		<u><b>2</b></u>	<u><b>(359)</b></u>
<b>Equity</b>			
Ordinary share capital	14	850	850
Retained earnings	15	(848)	(1 209)
<b>Total equity</b>		<u><b>2</b></u>	<u><b>(359)</b></u>

These financial statements were approved by the board of directors on 23 February 2016 and were signed on its behalf by



**M Heves**  
*Director*

The notes to and forming part of the financial statements are set out on pages 9 to 18



**Statement of changes in Shareholders' equity**  
*for the year ended 30 June 2015*

	Ordinary share capital £000	Retained Earnings £000	Total Equity £000
Balance at 30 June 2013	850	(395)	455
Loss for the year	-	(814)	(814)
<b>Balance at 30 June 2014</b>	<b>850</b>	<b>(1,209)</b>	<b>(359)</b>
Profit for the year	-	361	361
<b>Balance at 30 June 2015</b>	<b>850</b>	<b>(848)</b>	<b>2</b>

The notes to and forming part of the financial statements are set out on pages 9 to 18

**Statement of cash flows**  
*for the year ended 30 June 2015*

	Note	2015 £000	2014 £000
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	<u>215</u>	<u>560</u>
<b>Net cash from operating activities</b>		<b>215</b>	<b>560</b>
<b>Cash flows from financing activities</b>			
Interest received		<u>8</u>	<u>6</u>
<b>Net cash from financing activities</b>		<b>8</b>	<b>6</b>
<b>Net increase in cash and cash equivalents</b>		<u><b>223</b></u>	<u><b>566</b></u>
Cash and cash equivalents at beginning of year		<b>1,387</b>	<b>821</b>
<b>Cash and cash equivalents at end of year</b>		<u><b>1,610</b></u>	<u><b>1,387</b></u>

The notes to and forming part of the financial statements are set out on pages 9 to 18

## 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 exempt by virtue of section 400 of the Companies Act 2006 and IAS 27 – 'Presentation of Consolidated Financial Statements' from the requirement to prepare group financial statements. These financial statements present information about 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 20% 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*)**

***Derivative financial instruments***

The Company uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational financing and investing activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. Recognition of any resultant gain or loss depends on the nature of the item being hedged. Certain derivative instruments do not qualify for hedge accounting or hedge accounting treatment is not sought. These instruments are classed as held for trading and changes in their fair value are recognised immediately in the statement of comprehensive income. The fair value of forward exchange contracts is their value at the current quoted forward price at the statement of financial position date.

***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***

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement 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 or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

***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.

Notes to the financial statements (continued)

1 Accounting policies (continued)

*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.

*New Accounting Standards and Interpretations Not Yet Adopted*

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

IFRS 9 Financial Instruments (effective date to be confirmed)  
 IFRS 14 Regulatory Deferral Accounts (effective date to be confirmed)  
 IFRS 15 Revenue from Contract with Customers (effective date to be confirmed)  
 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38  
 Annual Improvements to IFRSs – 2010-2012 Cycle (effective date to be confirmed)  
 Annual Improvements to IFRSs – 2011-2013 Cycle (effective date to be confirmed)  
 Annual Improvements to IFRSs – 2012-2014 Cycle (effective date to be confirmed)

2 Segment 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 Auditor Remuneration

The remuneration of the auditor for the current and prior accounting years of £10,900 (2014: £10,887) has been borne by a fellow group undertaking.

4 Remuneration of Directors

	2015	2014
	£000	£000
Aggregate remuneration	-	439
Company contributions to money purchase pension scheme	-	37
	<u>-</u>	<u>476</u>
<i>Highest paid director</i>	2015	2014
	£000	£000
Total amount of remuneration and amounts receivable under long-term incentive schemes	-	308
	<u>-</u>	<u>308</u>

Retirement benefits are accruing to no directors (2014: no directors) under a defined benefit scheme and no directors (2014: two directors) under a defined contribution scheme.

The remuneration of the Company's directors is borne by Lend Lease Construction (LMEA) Limited, another Group company.

Notes to the financial statements (continued)

5 Staff costs

The company employed no staff during the year (2014: nil)

6 Finance income

	2015	2014
	£000	£000
Bank interest	8	6
Net foreign exchange gain	785	-
	<u>793</u>	<u>6</u>

7 Finance costs

	2015	2014
	£000	£000
Net foreign exchange loss	38	803
	<u>38</u>	<u>803</u>

8 Income tax

a) Tax on profit on ordinary activities

	2015	2014
	£000	£000
<b>Current tax</b>		
Current tax (charge)/credit	(95)	228
Adjustments in respect of previous periods	-	-
<b>Current tax (charge)/credit</b>	<u>(95)</u>	<u>228</u>

b) Reconciliation of the total tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20.75% (2014: 22.5%)

	2015	2014
	£000	£000
Profit/(Loss) on ordinary activities before tax	456	(1,042)
Tax (charge)/credit at 20.75% (2014: 22.5%)	(95)	235
<i>Effects of</i>		
Non deductible expenses	-	(7)
<b>Total tax (charge)/credit for the year</b>	<u>(95)</u>	<u>228</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly.

9 Trade and other receivables

	2015	2014
	£000	£000
Amounts due from related parties	704	4,136
Other debtors	-	130
Construction contract work in progress (note 10)	18	45
Corporation tax	133	177
	<u>855</u>	<u>4,488</u>

Notes to the financial statements (continued)

10 Construction contracts

	2015	2014
	£000	£000
Contracts in progress at the balance date		
- amounts due from contract customers (note 9)	18	45
Net amount due from contract customers	<u>18</u>	<u>45</u>

During the year ended 30 June 2015, all revenue recognised in the income statement is derived from construction contracts

At 30 June 2015 retentions held by customers for contract work amounted to £nil (2014 £130 000) Contract advances amounted to £nil (2014 £79 142)

11 Trade and other payables

	2015	2014
	£000	£000
Trade payables	-	78
Amounts due to related parties	2,122	5,970
Other accruals	286	169
	<u>2,408</u>	<u>6 217</u>

Amounts due to related parties are unsecured in nature and bear no interest

12 Provisions for liabilities and charges

	Other provision £000
At 1 July 2013	17
Provision raised during the year	-
Payments made during financial year	<u>-</u>
At 1 July 2014	17
Provision raised during the year	-
Payments made during financial year	<u>-</u>
At 1 July 2015	<u>17</u>

13 Other financial liabilities

	2015	2014
	£000	£000
Derivatives (measured at fair value)		
Forward foreign exchange contracts	38	-
	<u>38</u>	<u>-</u>

Notes to the financial statements (continued)

14 Share capital

	2015		2014	
	No	£000	No	£000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	850,500	850	850,500	850

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

15 Retained earnings

	2015	2014
	£000	£000
At beginning of year	(1,209)	(395)
Profit/(Loss) for the year	361	(814)
At end of year	(848)	(1,209)

16 Cash flows from operating activities

	2015	2014
	£000	£000
<b>Cash flows from operating activities</b>		
Profit/(Loss) for the year	361	(814)
<i>Adjustments for</i>		
Tax charge/(credit)	95	(228)
Finance income	(8)	(6)
<b>Changes in working capital</b>		
Decrease in trade and other receivables	106	370
Decrease in amounts due from related parties	3,432	409
(Decrease)/Increase in amounts due to related parties	(3,848)	803
Increase in trade and other payables	39	26
Increase in other financial liabilities	38	-
<b>Cash generated from operations</b>	<b>215</b>	<b>560</b>

17 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.

18 Financing arrangements and financial instruments

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 exchange rates. The Lend Lease Group policy is to manage currency risk so as to minimise any adverse impact of this risk and associated costs on the results.

The Company is exposed to foreign currency risk primarily from foreign currency receivables and payables. The Company manages this using forward foreign exchange contracts to hedge the exposures.



Notes to the financial statements (continued)

18 Financing arrangements and financial instruments (continued)

Foreign currency risk (continued)

The major foreign currency exchange rates used in the translation of income and expenses (average rate) and assets and liabilities (spot rate) denominated in foreign currencies are as follows

	Average Rate		Spot Rate	
	2015	2014	2015	2014
<b>Euro</b>	<b>1.32</b>	<b>1.20</b>	<b>1.41</b>	<b>1.22</b>

The Company's exposure to foreign currency is set out below

	Local currency £000	Total £000
<b>30 June 2015</b>		
Net asset exposure	2,997	2,122
	Local currency £000	Total £000
<b>30 June 2014</b>		
Net asset exposure	5,700	4,672

Foreign currency derivatives (not hedge accounted)

The Company's foreign currency derivative contracts held at reporting date to hedge specific foreign currency exposures are as follows

	Weighted Average Exchange Rate		Receivable / (Payable)	
	2015 (£1=)	2014 (£1=)	2015 £000	2014 £000
<b>Contracts to buy EUR at an agreed exchange rate</b>				
Not later than one year	1.38	-	(2,458)	-

Sensitivity analysis

The Company is mainly exposed to the EUR. The following table details the Company's sensitivity to a 5% increase and decrease in GBP against the EUR. The sensitivity analysis includes only outstanding foreign denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. This analysis assumes that all other variables, in particular interest rates remain constant, and excludes the effect of the foreign exchange contracts above.

	2015 £000	2014 £000
<b>Profit or loss</b>		
Strengthening of 5%	98	222
Weakening of 5%	(110)	(234)

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.

Notes to the financial statements (continued)

18 Financing arrangements and financial instruments (continued)

**Credit risk**

Credit risk represents the risk that a counterparty will not be able to complete its obligations in respect of a financial instrument resulting in a financial loss to the Company

The Company operates predominantly in the UK construction market and has no significant concentrations of credit risk on either a geographic or industry specific basis. 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 also 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.

**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. No interest has been incurred on any financial instruments held by the Company during the year; therefore, the interest rate risk is not considered to be material. Interest earned on cash and cash equivalents is minimal and is not considered to be material.

**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 that 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 2015

30 June 2015	Carrying Amount	Contractual Cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
	£000	£000	£000	£000	£000	£000	£000
<b>Non derivative financial liabilities</b>							
Trade and other payables	-	-	-	-	-	-	-
<b>Derivative financial liabilities</b>							
Foreign exchange contracts	38	38	38	-	-	-	-
<b>Total</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

30 June 2014	Carrying Amount	Contractual Cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
	£000	£000	£000	£000	£000	£000	£000
<b>Non derivative financial liabilities</b>							
Trade and other payables	78	78	78	-	-	-	-
<b>Total</b>	<b>78</b>	<b>78</b>	<b>78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Net fair values of assets and liabilities**

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

Notes to the financial statements (*continued*)

**18 Financing arrangements and financial instruments (*continued*)**

**Capital management**

The Company assesses its Capital Management model as part of the broader Lend Lease Group Board's strategic plan. 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 capital structure of the Company can be changed by equity issues, dividend payments and dividend reinvestments.

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 to 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.

**19 Pension scheme**

The Company participates in a group wide pension scheme (The Lend Lease UK Pension Scheme) providing benefits based on final pensionable pay, with the sponsor being Lend Lease Construction Holdings (EMEA) Limited.

There is no contractual agreement or stated policy for charging the net defined benefit cost for the group wide pension scheme to individual group entities.

Contributions in respect of defined benefit 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.

As required by IAS 19 'Employee benefits', the amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

Further detailed information in respect of the Lend Lease UK Pension Scheme can be found in the financial statements of Lend Lease Construction Holdings (EMEA) Limited.

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.

For the year ended 30 June 2015 the Company contributions paid to the Lend Lease UK Pension Scheme were £nil (2014: £nil).

**20 Related party transactions**

The following transactions were carried out with related parties:

a) Purchases of goods and services

	2015	2014
	£000	£000
Recharge of services by		
- Other Group Companies	250	-

Goods and services are bought from group undertakings 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.

b) Key management/directors compensation

Refer note 4

Notes to the financial statements (continued)

20 Related party transactions (continued)

c) Year-end balances

	2015 £000	2014 £000
Receivables from related parties (note 9)		
- Other Group Companies	<u>704</u>	<u>4,136</u>
Payables to related parties (note 11)		
- Other Group Companies	<u>2,122</u>	<u>5,970</u>
	<u>2,122</u>	<u>5,970</u>

Payables and receivables are unsecured in nature and bear no interest

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

The Company is a subsidiary undertaking of Lend Lease Construction Holdings (EMEA) Ltd, 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 4, 30 The Bond, 30 Hickson Road, Millers Point, New South Wales, Australia, 2000, or from its website at [www.lendlease.com](http://www.lendlease.com).

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.