

Lendlease Preston Tithebarn Limited

Annual report and Financial Statements
for the year ended 30 June 2017

Registered number 3525232

THURSDAY



A6KAJVZF

A30

30/11/2017

#126

COMPANIES HOUSE

Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statements	2
Independent auditor's report to the members of Lendlease Preston Tithebarn Limited	3
Statement of comprehensive income	4
Statement of financial position	5
Statement of changes in shareholders' equity	6
Statement of cash flows	7
Notes to the financial statements	8 - 10

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2017.

Results and dividends

The loss for the year after taxation amounted to £485,798 (2016: loss of £583,080). The company has not paid an interim dividend in the year (2016: £nil). The directors do not propose a final dividend (2016: £nil).

Principal activity and review of the business

The principal activity of Lendlease Preston Tithebarn Limited is to hold investments.

Directors

The directors who held office during the year were as follows:

S P Fraser (appointed 10 January 2017)
M J Packer (appointed 10 January 2017)
R Seeley (appointed 10 January 2017)
C M Pettett (resigned 10 January 2017)

Political and charitable contributions

The company made no political or charitable contributions during the year (2016: £nil).

Statement as to 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 he/she ought to have taken as a director to make himself/herself 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.

By order of the board



R Seeley
Director

20 Triton street
Regents Place, London
NW1 3BF
29 November 2017

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 International Financial Reporting Standards as adopted by the European Union (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.
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent Auditor's report to the members of Lendlease Preston Tithebarn Limited

Opinion

We have audited the financial statements of Lendlease Preston Tithebarn Limited for the year ended 30 June 2017 which comprise the statement of profit and loss and other comprehensive income, statement of financial position, statement of changes in shareholders' equity, statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors Report

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

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Directors' responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

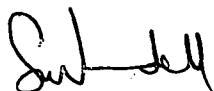
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Wardell
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
4 December 2017

Statement of profit and loss and other comprehensive income
for the year ended 30 June 2017

	Note	2017 £	2016 £
Administrative expenses			(74,013)
Operating loss			(74,013)
Net finance expense	4	(605,356)	(654,837)
Loss on ordinary activities before taxation		(605,356)	(728,850)
Taxation	5	118,568	145,770
Loss on ordinary activities after taxation		(486,788)	(583,080)
Other comprehensive income			
Total comprehensive loss for the year		(486,788)	(583,080)

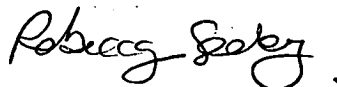
The notes to and forming part of the financial statements are set out on pages 8 to 10.

Statement of financial position
as at 30 June 2017

	Note	2017 £	2016 £
Non current assets			
Investments	6	-	-
Total non current assets		-	-
Current assets			
Trade and other receivables	7	99,037	96,528
Group relief		507,889	389,321
Total current assets		<u>606,926</u>	<u>485,849</u>
Total assets		<u>606,926</u>	<u>485,849</u>
Non current liabilities			
Trade and other payables	8	<u>(23,993,671)</u>	<u>(23,385,806)</u>
Total current liabilities		<u>(23,993,671)</u>	<u>(23,385,806)</u>
Net liabilities		<u>(23,386,745)</u>	<u>(22,899,957)</u>
Total equity			
Share capital	9	1	1
Retained losses		<u>(23,386,746)</u>	<u>(22,899,958)</u>
Total shareholders' deficit		<u>(23,386,745)</u>	<u>(22,899,957)</u>

The notes to and forming part of the financial statements are set out on pages 8 to 10.

These statements were approved by the board of directors on 29 November 2017 and were signed on its behalf by:



R Seeley
Director

Registered number 3525232

Statement of changes in shareholders' equity
for the year ended 30 June 2017

	Share capital £	Attributable to shareholders Retained earnings £	Total equity £
Balance at 1 July 2015	1	(22,316,878)	(22,316,877)
Loss for the year	-	(583,080)	(583,080)
Balance at 30 June 2016	1	(22,899,958)	(22,899,957)
Balance at 1 July 2016	1	(22,899,958)	(22,899,957)
Loss for the year	-	(486,788)	(486,788)
Balance at 30 June 2017	1	(23,386,746)	(23,386,745)

The notes to and forming part of the financial statements are set out on pages 8 to 10.

Statement of cash flows
for the year ended 30 June 2017

	2017 £	2016 £
Cash flows from operating activities		
Loss for the year	(486,788)	(583,080)
Adjustments for:		
Finance Income	(2,509)	(1,811)
Finance Costs	607,865	656,648
Taxation	(118,568)	(145,770)
Operating loss before changes in working capital	-	(74,013)
(Decrease) in trade and other receivables	(2,509)	(96,528)
Increase in trade and other payables	607,865	811,040
Group relief taxation receipt	0	14,338
Net cash from operating activities	<u>605,356</u>	<u>654,837</u>
Cash flows from investing activities		
Finance Income	<u>2,509</u>	<u>1,811</u>
Net cash from investing activities	<u>2,509</u>	<u>1,811</u>
Financing activities		
Finance Costs	<u>(607,865)</u>	<u>(656,648)</u>
Net cash used in financing activities	<u>(607,865)</u>	<u>(656,648)</u>
Increase in cash and cash equivalents		
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at 1 July	-	-
Cash and cash equivalents at 30 June	<u>-</u>	<u>-</u>

The notes to and forming part of the financial statements are set out on pages 8 to 10.

Notes to the financial statements

1 Accounting policies

Lendlease Preston Tithebarn Limited (the "Company") is a company incorporated in the United Kingdom. The company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and its interpretations as adopted by the International Accounting Standards Board (IASB).

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

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Lendlease Europe Holdings Limited, the company's UK holding undertaking. Lendlease Europe Holdings Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as they are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other Group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The financial statements do not include any adjustments that would result in the basis of preparation being inappropriate.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and available for sale financial assets. Recognised assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged.

Investments

Investments are stated at cost with adjustments made to the carrying value to reflect net realisable amounts where these are lower than cost. Management conducts impairment reviews annually.

Net Gains or Losses on Sale of Investments

Net gains or losses on sale of investments are recognised when an unconditional contract is in place.

Dividend

Dividend income is recognised when the right to receive payment is established, usually on declaration of the dividend.

Net financial expense

Net financial expense comprise interest payable, interest receivable on funds invested, and foreign exchange gains and losses that are recognised in the statement of comprehensive income.

Interest income and interest payable are recognised in the statement of comprehensive income as they accrue, using the effective interest method.

Taxation

The tax refund represents the sum of tax currently receivable and deferred tax.

The tax currently receivable is based on taxable loss for the year. Taxable loss differs from net loss as reported in the statement of comprehensive income 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 asset 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 losses 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.

New standards and interpretations not yet adopted

The following Adopted IFRSs have been issued but have not been applied in these financial statements. The effect of these adopted IFRSs on these financial statements have not yet been determined:

- IFRS 9 Financial Instruments (on or after 1 January 2018).
- IFRS 15 Revenue from Contract with Customers (on or after 1 January 2017).
- Equity Method in Separate Financial Statements – Amendments to IAS 27 (on or after 1 January 2017).
- Annual Improvements to IFRSs - 2012-2014 Cycle (effective date to be confirmed).
- Disclosure Initiative - Amendments to IAS 1 (effective date to be confirmed).

2 Auditor's remuneration

Amounts receivable by the auditor and their associates in respect of:

	2017	2016
	£	£
Audit of these financial statements	(3,500)	(2,396)

Notes to the financial statements (continued)

3 Directors' remuneration and employees

Any qualifying services in respect of the Company are considered to be incidental and part of these directors' overall management responsibilities within Lendlease Preston Tithebarn Limited. All directors are employees of Lendlease Development (Europe) Limited. Their remuneration is paid by and included in the financial statements of that company (2016: £nil).

All staff in 2017 and 2016 were employed by Lendlease Development (Europe) Limited.

4 Financial income and expense

	2017 £	2016 £
<i>Interest income on financial assets not at fair value through profit or loss</i>		
Interest income from group companies and associated undertakings	2,509	1,811
Finance income	<u>2,509</u>	<u>1,811</u>
<i>Interest expense on financial liabilities measured at amortised cost</i>		
Payable to group companies and associated undertakings	(607,865)	(656,648)
Finance expense	<u>(607,865)</u>	<u>(656,648)</u>
Net finance expense	<u>(605,356)</u>	<u>(654,837)</u>

5 Taxation

(a) Credit recognised in the Statement of profit and loss and other comprehensive income

	2017 £	2016 £
Current tax:		
Total current tax		145,770
Deferred tax:		
Current Year	113,988	-
Adjustment in respect of prior periods	(97)	-
Effect of future change in UK tax rate	4,677	-
Total tax in Statement of profit or loss and other comprehensive income	<u>118,568</u>	<u>145,770</u>

(b) Reconciliation of effective tax rate

The current period tax assessed is consistent with the application of the standard rate of corporation tax in the UK 2017: 19.75% (2016: 20%) to the Company's accounting loss before taxation:

	2017 £	2016 £
Loss on ordinary activities before tax	(605,356)	(728,850)
Tax using the UK corporation tax rate of 19.75% (2016: 20%)	119,558	145,770
Effects of:		
Tax exempt revenues	-	-
Adjustment in respect of prior periods	97	-
Effect of future change in UK tax rate	(4,677)	-
Allocation of partnership income and expenses	3,590	-
Total tax in Statement of profit or loss and other comprehensive income	<u>118,568</u>	<u>145,770</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. A further reduction to 19% (effective from 1 April 2017) was substantially enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was enacted on 15 September 2016.

A deferred tax asset of £1,798,383 (2016 £2,476,688) in respect of losses have not been recognised on the basis that their future economic benefit is uncertain.

6 Investment in group companies and associated undertakings

	2017 £	2016 £
Investment in Preston Tithebarn Unit Trust	18,623,141	18,623,141
Impairment provision	<u>(18,623,141)</u>	<u>(18,623,141)</u>

At 30 June 2017 the company held 18,662 (2016: 18,662) units with a face value of £18,510,141 (2016: £18,510,141), representing a 50% interest in the Preston Tithebarn Unit Trust, which is a Limited Partner of the Preston Tithebarn Limited Partnership. Advances during the year of £nil (2016: £nil) were made to the Unit Trust, these advances in the past are treated as additional consideration which resulted in the investment cost now sitting at £18,623,141 less impairment provision.

Notes to the financial statements (continued)

7 Trade and other receivables

	2017	2016
	£	£
Amounts owed by Lendlease Europe Holdings Limited	99,037	96,528
	<u>99,037</u>	<u>96,528</u>

8 Non current trade and other payables

	2017	2016
	£	£
Amounts owed to Lendlease Europe Limited	(23,993,671)	(23,385,806)
	<u>(23,993,671)</u>	<u>(23,385,806)</u>

9 Share capital

	2017	2016
	£	£
Allotted, called up and fully paid		
1 ordinary shares of £1	<u>1</u>	<u>1</u>

10 Financial arrangements

Fair values of financial assets and liabilities - on balance sheet

There is no significant difference between the carrying value and fair value of financial assets and liabilities.

Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Company is compliant with the Lendlease Consolidated Group's framework for risk management including credit risk. There are no significant concentrations of external credit risk with the Company's exposure to only Lendlease Consolidated Group related parties.

Liquidity Risk

Liquidity risk is the risk of having insufficient funds to settle financial liabilities as and when they fall due. This includes having insufficient levels of committed credit facilities. The Company's objective is to maintain the efficient use of cash and debt facilities in order to minimise the cost of borrowing to the Company and ensure sufficient availability of credit facilities.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in the market interest rates. The Company's policy is to manage interest rate risk that impacts directly on the Company's assets and liabilities. The Company's exposure to interest rate risk is limited to movements in intra-group lending rates.

Sensitivity Analysis

At 30 June 2017, it is estimated that an increase of one percentage point in interest rates would have increased the Company's loss before tax by approximately £223,206 (2016: £217,554).

11 Related Party Disclosures

At the year end the company owed £23,993,671 (2016: £23,385,806) to its parent company, Lendlease Europe Limited. During the year the company was charged interest of £607,865 (2016: £656,648) on this balance. The interest was charged at LIBOR plus 2.45% (2016: LIBOR plus 2.45%).

At the year end the company was owed £96,528 (2016: £96,528) by Lendlease Europe Holdings Limited. During the year the company charged interest of £2,509 (2016: £1,811). The interest was charged at LIBOR plus 2.45% (2016: LIBOR plus 2.45%).

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

The company's immediate parent undertaking is Lendlease Europe Limited, which is registered in England and Wales. The ultimate parent undertaking of the company is Lendlease Corporation Limited which is incorporated in Australia.

The largest group in which the results of the company are consolidated is that headed by Lendlease Corporation Limited. The consolidated financial statements of that group may be obtained from the group's website at www.lendlease.com.

The smallest group registered in England and Wales in which the results of the company are consolidated is that headed by Lendlease Europe Holdings Limited. The consolidated financial statements of that group may be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff.

13 Subsequent events

There has been no event or circumstance since the end of the year to the date of this report that would significantly affect the Company.