

**Lend Lease Investments Limited (formerly Lend  
Lease Funds Management Limited)**

**Directors' report and  
financial statements**

30 June 2001

Registered number 3540684



## **Directors' report and financial statements**

### **Contents**

Directors' report	1
Statement of directors' responsibilities	2
Report of the auditor to the members of Lend Lease Investments Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6 -10

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 30 June 2001.

On 23 August 2000 the name of the company was changed from Lend Lease Funds Management Limited to Lend Lease Investments Limited.

### **Principal activities**

The principal activity of Lend Lease Investments Limited is as an operator and manager of property collective investment schemes including the establishment of such schemes. The company is subject to the rules governing ISD firms and is regulated for its investment business activities by IMRO.

### **Results and dividends**

The loss for the year after taxation amounted to £82,501 (2000 profit: £260,920). The directors do not recommend the payment of a dividend (2000: £nil).

### **Directors and directors' interests**

The directors at 30 June 2001 were as follows:

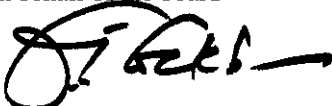
G I M Cockburn	
A L Gough	(appointed 17 July 2000)
S A MacDonald	(appointed 17 July 2000)
D K Perry	(appointed 10 October 2000)
C M Foster Taylor	(appointed 18 September 2001)

In addition, D S Arthur and D Rashin (appointed 25 August 2000) were directors until their resignations on 17 July 2000 and 15 December 2000 respectively.

### **Auditors**

A resolution to reappoint KPMG Audit Plc as auditors will be put to the members at the Annual General Meeting.

On behalf of the board



**G I M Cockburn**  
Director

23 Kingsway  
London WC2B 6UJ  
16 October 2001

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The above statement should be read in conjunction with the statement of auditors' responsibilities set out in the audit report on page 3.

## Auditors report to the members of Lend Lease Investments Limited

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

### *Respective responsibilities of directors and auditor*

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

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

### *Basis of opinion*

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

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

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

*16 October 2001*

## **Profit and loss account**

*for the year ended 30 June 2001*

	<i>Note</i>	<b>2001</b> £	2000 £
Turnover	1	1,113,421	888,344
Administrative expenses		(1,301,981)	(468,328)
<b>Operating (loss)/profit</b>		(188,560)	420,016
Other interest receivable and similar income		109,834	13,771
<b>(Loss)/profit on ordinary activities before taxation</b>	2	(78,726)	433,787
Tax on (loss)/profit on ordinary activities	5	(3,775)	(172,867)
<b>(Loss)/profit on ordinary activities after taxation</b>		(82,501)	260,920
Retained profit brought forward		321,396	60,476
<b>Retained profit carried forward</b>		238,895	321,396

All activities are continuing.

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

There is no difference between the result as reported and the result on a historical cost basis.

The notes to and forming part of the financial statements are set out on pages 6 to 10.

## Balance sheet

at 30 June 2001

	Note	2001	2000
		£	£
<b>Current assets</b>			
Debtors	6	279,720	799,395
Cash at bank and in hand		4,259,477	473,685
		<u>4,539,197</u>	<u>1,273,080</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(1,450,302)</u>	<u>(642,168)</u>
<b>Net current assets</b>		<u>3,088,895</u>	<u>630,912</u>
<b>Total assets less current liabilities</b>		<u>3,088,895</u>	<u>630,912</u>
Provisions for liabilities and charges	8	-	(59,516)
<b>Net assets</b>		<u>3,088,895</u>	<u>571,396</u>
<b>Capital and reserves</b>			
Called up share capital	9	2,850,000	250,000
Profit and loss account		238,895	321,396
<b>Shareholders' funds</b>	10	<u>3,088,895</u>	<u>571,396</u>
Equity shareholders' funds		488,895	571,396
Non equity shareholders' funds	9	2,600,000	-
		<u>3,088,895</u>	<u>571,396</u>

The notes to and forming part of the financial statements are set out on pages 6 to 10.

These financial statements were approved by the board of directors on 16 October 2001 and were signed on its behalf by:



**G I M Cockburn**  
Director



**A L Gough**  
Director

## 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 in accordance with applicable accounting standards and under the historical cost accounting rules.

#### *Exemption from FRS 8*

As the company is a wholly owned subsidiary of Lend Lease Europe Holdings Limited, it has taken advantage of an exemption contained in Financial Reporting Standard number 8 and has not disclosed transactions or balances with entities which form part of that group. The consolidated financial statements of that group may be obtained from the address given in note 11.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Cash flow statement*

A cash flow statement is not included with these financial statements as a consolidated cash flow statement, produced under Financial Reporting Standard No 1, is included in the financial statements of Lend Lease Europe Holdings Limited.

#### *Turnover*

Turnover is stated net of value added tax and is derived from the following sources:

	2001 £	2000 £
Operator fees	1,113,421	888,344
	<u>          </u>	<u>          </u>

### 2 (Loss)/profit on ordinary activities before taxation

	2001 £	2000 £
<i>(Loss)/profit on ordinary activities before taxation is stated after charging:</i>		
Hire of other assets - operating leases	2,177	3,874
	<u>          </u>	<u>          </u>

Auditors' remuneration in respect of audit and other fees was borne by Lend Lease Europe Limited, the immediate parent undertaking.



## Notes to the financial statements *(continued)*

### 3 Directors' remuneration

Emoluments in respect of all the directors are disclosed in the consolidated financial statements of Lend Lease Europe Limited as they relate to services to the group as a whole.

### 4 Staff numbers and costs

The company employed no staff in the year, but was charged by another group company for the services of 7 employees of the group. 5 employees' actual salaries were recharged and 2 employees were recharged using a set recharge rate. The aggregate payroll costs of these employees were as follows:

	2001 £	2000 £
Wages and salaries	235,428	276,764
Social security cost	25,874	29,188
Other pension costs	14,195	7,305
Set rate salary recharge	273,752	-
	<hr/> 549,249 <hr/>	<hr/> 313,257 <hr/>

The Company makes contributions on behalf of directors and senior employees to a company pension plan, the assets of which are held by Scottish Equitable on behalf of the plan members. Contributions made on behalf of other employees are paid to a personal pension plan, the assets of which are held by Standard Life. Both plans are defined contribution money purchase pension schemes.

The pension charge for the year represents the contributions payable in respect of the accounting period.

### 5 Tax on (loss)/profit on ordinary activities

	2001 £	2000 £
UK corporation tax at 30% (2000: 30%)	-	157,788
Adjustment in respect of prior periods	3,775	15,079
	<hr/> 3,775 <hr/>	<hr/> 172,867 <hr/>

## Notes to the financial statements (continued)

### 6 Debtors

	2001 £	2000 £
Trade debtors	279,720	717,844
Amounts owed by group undertakings	-	47,940
Other debtors	-	33,611
	<hr/> 279,720 <hr/>	<hr/> 799,395 <hr/>

*Amounts owed by group undertakings comprise:*

Immediate parent entity and fellow subsidiaries:		
- Lend Lease Europe Limited	-	47,940
	<hr/> - <hr/>	<hr/> 47,940 <hr/>

### 7 Creditors: amounts falling due within one year

	2001 £	2000 £
Amounts owed to group undertakings	879,489	-
Corporation tax	161,563	199,407
Other creditors including taxation and social security	-	2,895
Accruals and deferred income	409,250	439,866
	<hr/> 1,450,302 <hr/>	<hr/> 642,168 <hr/>

### 8 Provisions for liabilities and charges

	2001 £	2000 £
At beginning of year	59,516	15,388
Charge in the year	-	86,275
Provision released	(59,516)	(42,147)
	<hr/> - <hr/>	<hr/> 59,516 <hr/>

The provision represents amounts related to oncosts for employee salaries such as national insurance, pension costs, private health insurance and annual leave provision which have been incurred but not paid at the year end. The liability for these charges is now with Lend Lease Europe, another company in the group. The 2001 provision is now included within the Lend Lease Europe intercompany balance.

## Notes to the financial statements (continued)

### 9 Called up share capital

	2001 £	2000 £
<i>Authorised</i>		
490,000,000 ordinary shares of £1	490,000,000	5,000,000
10,000,000 non cumulative redeemable preference shares of £1.	10,000,000	-
	<u>500,000,000</u>	<u>5,000,000</u>
<i>Allotted, called up and fully paid</i>		
250,000 ordinary shares of £1	250,000	250,000
2,600,000 non cumulative redeemable preference shares of £1	2,600,000	-
	<u>2,850,000</u>	<u>250,000</u>

On 3 November 2000 2,600,000 non cumulative redeemable preference shares were issued at £1 each to provide additional capital in anticipation of the company falling under the IMRO regulations for ISD firms for the first time due to taking on additional business in Europe.

The non cumulative redeemable preference shares, which were issued at par, are redeemable in such numbers and at such time whether at par or with such premium as the board may in its discretion think fit. The preference shares rank pari passu with ordinary shares, save on winding up or other return of capital when they have priority.

### 10 Reconciliation of movements in shareholders' funds

	Share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 30 June 2000	250,000	321,396	571,396
Loss for the financial year	-	(82,501)	(82,501)
Issue of non cumulative redeemable preference shares	2,600,000	-	2,600,000
	<u>2,850,000</u>	<u>238,895</u>	<u>3,088,895</u>
At 30 June 2001	2,850,000	238,895	3,088,895

**Notes to the financial statements** *(continued)*

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

The company's immediate parent undertaking is Lend Lease Europe Limited which is registered in England and Wales. The ultimate parent undertaking of the company 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 that group may be obtained from the group's website at [LendLease.com.au](http://LendLease.com.au).

The largest group registered in England and Wales in which the results of the company are consolidated is that headed by Lend Lease Europe Holdings Limited. Consolidated financial statements may be obtained from the address given below.

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