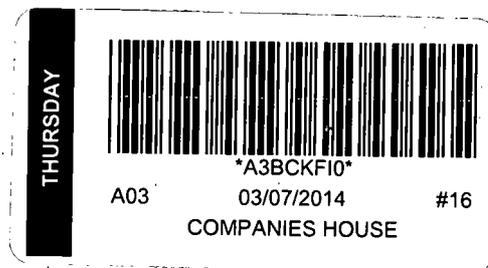


Lend Lease Facilities Management (EMEA) Limited
Directors' report and financial statements
Registered number 3810466
30 June 2013



Directors' report and financial statements

Contents

Directors' report	1-3
Statement of directors' responsibilities in respect of directors' report and the financial statements	4
Independent auditor's report to the members of Lend Lease Facilities Management Limited	5
Statement of comprehensive income	6
Balance sheet	7
Statement of recognised income and Expenses	8
Cash flow statement	8
Notes to the financial statements	9 - 21

Directors' report

The directors present their report and financial statements for the year ended 30 June 2013.

Principal activities

The Company's principal activity is a provider of facilities management in the United Kingdom and Ireland.

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.

Business review

For the financial year ending 30 June 2013, the Company recorded a turnover of £94,169,000 (2012: £73,374,000) and an operating profit of £18,346,000 (2012: £2,669,000).

The Company currently operates in two sectors offering facilities management services to the Private Finance Initiative (PFI) and Retail & Leisure sectors. The basis of trade is the delivery of PFI operations, with a number of Retail centres also under management. With current backlog revenue of an estimated £581 million the Company has a good platform on which to leverage growth. Included in backlog revenue is 10 years of PFI revenue; these contracts, from their outset, ranged from between 25 and 42 years in length.

Like all Lend Lease businesses we are planning towards a sustainable future, by this we mean continuing to develop an integrated service offering working together with our clients, suppliers, government agencies and other stakeholders for a future where we use our resources wisely, promote long term business objectives and ensure that our impact on our stakeholders are effectively managed. Making a profit, corporate responsibility and corporate governance are not mutually exclusive and we are developing means to ensure longevity with limited negative impact on both the natural and human environment. In terms of the natural environment we are actively working on measures that include energy management, recycling and waste management, water measurement and carbon emission monitoring. We are also encouraging a high level of social responsibility with all our stakeholders around our actions and how they are affecting others around us.

During the financial year the Company has implemented a number of incentives to drive sustainability forward, initiating a Company wide support structure to study various methods of measurement, employee involvement in sustainability, supply chain effectiveness and measurement as well as how we involve other external stakeholders. To date this has been highly effective and the results of which will be fed up through the Lend Lease organisation to form the basis of the framework of the group sustainability platform. Lend Lease Facilities Management is very proud of the fact that our involvement in this exercise has lead to us being reaccredited in PAS99, an integrated management system certification.

The key risks, detailed in Note 18, are managed by the continued high quality delivery of our PFI contracts and associated Lifecycle requirements. We believe that any risks are mitigated by a high level of technical expertise within the organisation together with strong business processes, corporate governance and management systems in place.

Dividend

The Directors recommend payment of £20 million dividend for the year (2012: *Nil*).

Directors' report *(continued)*

Directors and directors' interests

The directors who held office are as follows:

M Boor

S C Grant (appointed 25 July 2012, resigned 10 May 2013)

S.K Grist (resigned 16 January 2013)

J McGovern (appointed 10 May 2013)

S Nightingale (resigned 30 July 2012)

K T Shields

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

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.

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.

Employees and their involvement in the group business

The Company is part of the Project Management & Construction group and closely identifies with the group's corporate identity and activities and also those of the ultimate Australian parent undertaking, Lend Lease Corporation Limited.

Employees benefit from a profit sharing scheme that enables them to identify more closely with the group's performance and to share common objectives with shareholders. This spirit of involvement in the group is encouraged through access to a variety of media, and staff at all levels are regularly advised of the group's and individual companies' achievements.

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 Project Management & Construction and Lend Lease Corporation.

Directors' report *(continued)*

- "Global Update", annual employee update meetings.

- "Quarterly Business Update" – 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 six core values are: 'Respect', 'Integrity', 'Innovation', 'Collaboration', 'Excellence' and 'Trust'.

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.

Lend Lease Facilities Management 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.

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. 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 Company's approach to capital management during the year.

Political and charitable contributions

The Company made no political or charitable contributions during the year.

Auditor

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

By order of the board 30 August 2013



Joanna McGovern

Director

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

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.

Independent auditor's report to the members of Lend Lease Facilities Management (EMEA) Limited

We have audited the financial statements of Lend Lease Facilities Management (EMEA) Limited for the year ended 30 June 2013 set out on pages 6 to 23. 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 4, 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 (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 Financial Reporting Council's website at 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 2013 and of its profit for the year then ended
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the financial statements 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
- 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.



William Meredith
Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

30 August 2013

15 Canada Square
London
E14 5GL

Statement of Comprehensive Income
 For the year ended 30 June 2013

	Notes	2013 £000	2012 £000
Revenue	1	94,169	73,374
Cost of sales		(70,785)	(66,720)
		<hr/>	<hr/>
Gross Profit		23,384	6,654
Administrative expenses		(5,038)	(3,985)
		<hr/>	<hr/>
Operating Profit	2	18,346	2,669
Finance Income	5	225	123
Profit before tax		18,571	2,792
Taxation	6	(4,418)	(714)
Profit for the year		<u>14,153</u>	<u>2,078</u>

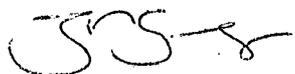
No operations were acquired or discontinued during the year (2012: none). There is no material difference between the results disclosed in the income statement and the result given on an unmodified historical cost basis.

The notes on pages 9 to 21 form part of these financial statements

Balance sheet
 Registered number 3810466
 As at 30 June 2013

	Notes	2013 £000	Restated 2012 £000
Non-current assets			
Deferred tax assets	8	110	270
Current assets			
Trade and other receivables	7	10,128	6,401
Cash and cash equivalents		46,126	39,681
Total assets		<u>56,364</u>	<u>46,352</u>
Current liabilities			
Trade and other payables	9	(25,814)	(20,260)
Provision for liabilities and charges	10	(1,086)	(1,199)
Net current assets		<u>(26,900)</u>	<u>(21,459)</u>
Total assets less current liabilities		<u>29,464</u>	<u>24,893</u>
Non-current liabilities			
Deferred Income	11	(9,428)	(19,010)
Net assets		<u>20,036</u>	<u>5,883</u>
Equity			
Ordinary shares	12	-	-
Retained earnings	13	20,036	5,883
Total equity		<u>20,036</u>	<u>5,883</u>

These financial statements were approved by the board of directors on 30 August 2013 and were signed on its behalf by:



Joanna McGovern
 Director

The notes on pages 9 to 21 form part of these financial statements

Statement of recognised income and expense
For the year ended 30 June 2013

		Ordinary share capital £000	Retained Earnings £000	Total equity £000
Balance at 30 June 2011		-	3,805	3,805
Retained profit for the year		-	2,078	2,078
Balance at 30 June 2012		-	5,883	5,883
Retained profit for the year	13	-	14,153	14,153
Balance at 30 June 2013		-	20,036	20,036

Cash flow statement

For the year ended 30 June 2013

		2013 £000	2012 £000
Cash generated from operations	14	7,701	8,772
Income tax paid		(1,256)	-
Net cash from operating activities		6,445	8,772
Cash and cash equivalents at beginning of year		39,681	30,909
Net increase in cash and cash equivalents		46,126	39,681

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 financial statements.

Basis of preparation

The financial statements have been prepared with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies under IFRS.

These financial statements have been prepared under the historical cost convention and on a going concern basis.

New Accounting Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the financial year ended 30 June 2013 and have not been applied in preparing this report. None of these is expected to have a significant effect on the financial statements and its policies, other than the following standard where the potential effect is yet to be determined:

The amendments to IAS 19 Employee Benefits (Revised) introduce changes to the accounting for and presentation of pensions and other post-employment benefits. This is expected to affect the disclosure associated with post-employment benefits.

The standard above become mandatory for the June 2014 financial year and is to be applied retrospectively.

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 long-term service contracts is recognised in accordance with the Company's accounting policy on long-term service contracts.

Long-term service contracts

For PFI contracts, there are two distinct fixed revenue streams:

The first is related to the management of the assets. The revenue is received from the PFI project entities against a predetermined amount at contract award (indexed to RPI annually) for providing facilities management services in maintaining the assets. Costs incurred for carrying out the related service are offset against these revenues; any difference is taken as margin in that year.

The second revenue stream relates to the Life Cycle of the assets being maintained. Revenue is received from the PFI project entities based on a predetermined schedule at contract award (indexed to RPI annually). These revenues are for the replacement of component parts of the assets over the entire period of the contract; the timing of revenue streams in most cases do not match the costs. Margin is recognised by reference to the stage of completion of lifecycle activities based on the proportion of work completed to date compared to estimated total costs. Presently the excess cash received in advance of performance is recognised as deferred income in the balance sheet.

For Retail contracts, costs are incurred on an agreed yearly budget and an agreed margin percentage applied for carrying out the service.

Notes to the financial statements (continued)

Accounting policies (continued)

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.

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.

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 temporary differences that have originated but not reversed at the balance sheet date. Temporary differences are differences between the tax bases of assets and liabilities and their carrying amounts 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 substantively 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.

Employee Benefits

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.

The Company participates in a group wide pension scheme providing benefits based on final pensionable pay, with the main employee being Lend Lease Construction Holdings (EMEA) Limited. The assets of the scheme are held separately from those of the Company. There is no such contractual agreement or stated policy for charging the net defined benefit cost for the group wide pension scheme to individual group entities and therefore, as required by IAS 19 'Employee benefits', the company accounts for its cost based on the consolidation payable in the year. As a result, the amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

The company make contributions to four different external pension schemes on behalf of employees that transferred under the Transfer of Undertakings (Protection of Employment) Regulations 2006. Two of these schemes are deemed defined contribution by the nature of the contractual relationship and the remaining two schemes, for which only 29 employees currently participate, are multi-employer defined benefit, but information regarding these schemes is limited.

Notes to the financial statements (*continued*)

Accounting policies (*continued*)

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.

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 underpinned by the purchasing and financing departments. The Company has procedures for dealing promptly with complaints and disputes.

The average number of creditor days outstanding at the end of the year was 7 days (2012: 3 days).

Finance income

Finance income comprises interest income on cash held at bank and is recognised as received on a quarterly basis.

Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Net fair values of assets and liabilities

All financial instruments are recognised on the balance sheet date at amounts that represent a reasonable approximation of fair value.

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.

Notes to the financial statements (continued)

Accounting policies (continued)

Critical judgements in applying the entity's accounting policies (continued)

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 Operating profit

	2013	2012
	£000	£000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Rentals payable under operating leases:		
Land and buildings	30	14
Other	124	98
Audit of financial statements of the Company	-	-
Bad and doubtful debt expense	58	5
Staff costs	<u>20,057</u>	<u>16,544</u>

Auditor's remuneration in respect of audit and other fees were paid by Lend Lease Europe Limited, the immediate parent undertaking. The directors estimate the fee attribute to the company is £14,848 (2012: £11,879)

3 Remuneration of directors

Benefits are accruing to one (2012: one) director under:

Directors' emoluments

	2013	2012
	£000	£000
Aggregate emoluments	176	153
Company contributions to money purchase pension schemes	15	16
	<u>191</u>	<u>169</u>

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, engaged in the activity of providing facilities management services was 784 (2012: 545) No share based payments are in place in relation to these employees.

The aggregate payroll costs of these persons were as follows:

	2013	2012
	£000	£000
Wages and salaries	18,691	15,340
Social security costs	1,366	1,204
Other pension costs	1,544	1,547
	<u>21,601</u>	<u>18,091</u>

Notes to the financial statements (continued)

5 Finance income

	2013 £000	2012 £000
Bank and other interest	225	123
	<u>225</u>	<u>123</u>

6 Taxation

a) Tax on profit on ordinary activities

	2013 £000	2012 £000
Current tax:		
UK corporation tax	4,251	724
Adjustments in respect of previous periods	<u>7</u>	<u>2</u>
Current tax charge	4,258	726
Deferred tax:		
Temporary differences		
Other temporary differences	<u>160</u>	<u>(12)</u>
Deferred tax	160	(12)
Total tax charge in the statement of comprehensive income	<u>4,418</u>	<u>714</u>

b) Reconciliation of the total tax charge

The tax charge for the year on the profit on ordinary activities is higher than the notional tax charge on those profits calculated at the UK corporation tax rate of 23.75% (2012: 25.5%).

	2013 £000	2012 £000
Profit on ordinary activities before tax	18,571	2,792
Tax at 23.75% (2012: 25.5%)	4,411	712
Effects of:		
Adjustments in respect of previous periods	<u>7</u>	<u>2</u>
Total tax charge for year (note 6 (a))	<u>4,418</u>	<u>714</u>

c) Factors that may affect future current and total tax charges

Future effective tax rates may vary due to short term differences.

The future tax charge will be affected by future changes to the enacted tax rate, the timing of the origination and reversal of short term timing, difference in the level of costs qualifying for tax deduction.

Notes to the financial statements (continued)

7	Trade and other receivables	2013	2012
		£000	£000
	Trade receivables	87	5,003
	Prepayment	828	135
	Amounts due from related parties (note 16)	8,531	558
	Parent and other group undertakings	682	705
		<u>10,128</u>	<u>6,401</u>

The ageing of trade receivables at the reporting date was:

	2013	2012
	£000	£000
Not past due	249	1,227
Past due 0-90 days	26	3,163
More than 90 days	2	748
Provision for doubtful debts	(190)	(132)
	<u>87</u>	<u>5,003</u>

8	Deferred taxation	2013	2012
		£000	£000
	<i>The deferred tax amounts are recognised as follows:</i>		
	At beginning of year	270	258
	Profit and loss (charge) for the year	(160)	12
	At end of year	110	270
	<i>Analysed as:</i>		
	Other timing differences	-	-
		<u>110</u>	<u>270</u>

9	Current liabilities	2013	2012
		£000	£000
	Trade payables	2,248	1,895
	Amounts payable to related entities	958	(1,125)
	Taxation and social security:		
	- VAT	267	160
	- Corporation tax	4,672	1,670
	Accruals and deferred income	17,669	17,660
		<u>25,814</u>	<u>20,260</u>

Notes to the financial statements (continued)

10 Provisions for liabilities and charges	Mobilisation	Defects Reserve	Restated (note 20)
	£000	£000	Total £000
As at 1 July 2012 (restated)	462	737	1,199
Additional provisions			-
Used during the year	(89)	(24)	(113)
Transfer to Income Statement			-
As at 30 June 2013	<u>373</u>	<u>713</u>	<u>1,086</u>

a) *Mobilisation*

Mobilisation is a provision for works on PFI projects that are currently being constructed or just completed and yet to commence operation. These funds are drawn down prior to operation. The provision of £373,000 at 30 June 2013 is expected to be fully utilised by 30 June 2014.

b) *Defects reserve*

Defects reserve is a provision for the works to be undertaken on PFI contracts related to the correction of construction related issues post handover of the asset to operation. The provision of £713,000 at 30 June 2013 is expected to be fully utilised by 30 June 2014.

11 Deferred income	2013	Restated (note 20)
	£000	2012 £000
Billing in advance of work completed	<u>9,428</u>	<u>19,010</u>

Lifecycle cash is received based on a predetermined schedule at contract award (indexed to RPI annually) in advance of performance, ie works to be undertaken to provide replacement assets under PFI contracts.

Notes to the financial statements (*continued*)

12	Called up share capital	2013	2012
		£	£
	<i>Authorised</i>		
	100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
		<u>100</u>	<u>100</u>
	Allotted, called up and fully paid		
	100 Ordinary shares of £1 each	<u>1</u>	<u>1</u>
		<u>1</u>	<u>1</u>
13	Retained Earnings	2013	2012
		£000	£000
	At beginning of year	5,883	3,805
	Retained profit for the year	<u>14,153</u>	<u>2,078</u>
		<u>20,036</u>	<u>5,883</u>
14	Cash flows from operating activities	2013	2012
		£000	£000
	Profit for the year	14,153	2,078
	Adjustments for:		
	Tax charge	4,418	714
	Changes in working capital:		
	(Increase)/decrease in trade & Other receivables (Note 7)	(3,750)	1,536
	Decrease in the parent and other group undertakings debtor (Note 7)	23	299
	Increases in trade payables (Note 9)	353	1,546
	Increase/(decrease) in related party payables (Note 9)	2,083	(1,388)
	Increase in accruals and other liabilities (Note 9)	116	3,916
	(Decrease)/increase in provisions and deferred income (Note 10 and Note 11)	(9,695)	71
	Cash generated from operations	<u>7,701</u>	<u>8,772</u>
15	Commitments		
	The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
		2013	2012
		£000	£000
	Within one year	205	250
	In the second to fifth years inclusive	638	631
	Over five years	<u>2,478</u>	<u>2,478</u>
		<u>3,321</u>	<u>3,359</u>

Notes to the financial statements *(continued)*

16 Pension scheme

The Company is a member of a group wide 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 the Index - Linked Section closed to future accrual on 31 January 2012

For the year ended 30 June 2013 the total contributions paid to the Defined Benefit Section of the Lend Lease UK Pension Scheme were £10,900,000 (2012: £14,610,000), of which the Company's share was £1,544,078. (2012: £1,547,000).

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 2011.

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.

There is currently a pension surplus in the scheme as at 30 June 2013 (2012: surplus). Regular employer contributions to the Lend Lease UK Pension Scheme in 2013/14 are estimated to be £10.9m (2012/13: £10.8m).

a) Principal actuarial assumptions

	30 June 13	30 June 12
	% p.a.	% p.a.
Pension increases post April 2008	2.5	2.3
Rate of increase in salaries	n/a	n/a
Inflation assumption	3.5	3.1
Discount rate applied to scheme liabilities	4.5	4.75
Expected rate of return	5.8	5.8

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 weighted average of the individual expected rates of return on each asset class.

The Company 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 2013.

Notes to the financial statements (continued)

Pension scheme (continued)

b) Reconciliation of the present value of defined benefit obligations

	30 June 13	30 June 12
	£000	£000
Present value of defined benefit obligations at beginning of financial year	422,100	385,500
Current service cost	-	3,500
Interest cost on benefit obligation	19,600	20,400
Actuarial gains/(losses)	17,400	30,400
Benefits paid	(16,500)	(17,700)
Curtailments		
Present value of defined benefit obligations at end of financial year	<u>442,600</u>	<u>422,100</u>

c) Reconciliation of the fair value of plan assets

	30 June 13	30 June 12
	£000	£000
Fair value of plan assets at beginning of financial year	397,700	381,300
Expected return on plan assets	20,000	22,200
Actuarial gains/(losses)	20,200	(2,700)
Contributions by group companies	10,900	14,600
Benefits paid	(16,500)	(17,700)
Fair value of plan assets at end of financial year	<u>432,300</u>	<u>397,700</u>

The cumulative unrecognised actuarial losses were £36.0 mil (2012: 38.8mil).

d) Categories of plan assets

	% held at	% held at
	30 June 13	30 June 12
Equity instruments	39	38
Corporate bonds	14	15
Multi strategy funds	18	14
Liability driven instruments (including Government bonds)	28	31
Other	1	2
	<u>100</u>	<u>100</u>

The company also make contributions via the payroll to four different external pension schemes on behalf of employees that transferred under the Transfer of Undertakings (Protection of Employment) Regulations 2006. These contributions total £390k (2012, £338K).

Notes to the financial statements (continued)

17 Related party transactions

The following transactions were carried out with related parties:

a *Sale of goods and services*

	2013	2012
	£000	£000
Sale of services:		
- Associates	<u>32,928</u>	<u>51,860</u>

Sale of services are negotiated with related parties on a cost-plus basis, allowing a margin ranging from 5% to 15% (2012: 5% to 15%)

b *Purchases of goods and services*

	2013	2012
	£000	£000
Purchases of services:		
- Associates	<u>2,924</u>	<u>1,504</u>

Goods and services are bought from associates and an entity controlled by key management personnel on normal commercial terms and conditions. Management services are bought from the immediate, intermediate and ultimate parent (on a cost-plus basis, allowing a margin reflecting standard commercial terms).

c *Year-end balances arising from sales/purchases of goods/services*

	2013	2012
	£000	£000
Receivables from related parties (Note 7)	8,531	558
Payables to related parties (Note 9)		
- Associates	958	(493)

The receivables from related parties arise mainly from sale transactions and are due 1 month after the date of sales. The receivables are unsecured in nature and bear no interest.

Other transactions are paid by the Company and recharged to other companies.

Notes to the financial statements (continued)

18 Financial risk management

The Company's activities expose it to financial risks in the form of market risk including foreign exchange risk, price risk and credit risk. The Company's risk management programme seeks to minimise potential adverse effects on the Company's financial performance.

Market risk

Foreign currency risk

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's exposure to foreign currency risk is set out below:

	Local Currency	Local Currency
	€000	£000
Net asset exposure		
30 June 2013	799	19,617
30 June 2012	785	3868

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 all revenues are received against a predetermined amount at contract award with RPI applied yearly, therefore 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. 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 in the balance sheet equals the carrying amount, net of any impairment. The Company has no significant concentrations on 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 subject to interest rate risk are financial assets in the form of cash and cash equivalents. Interest is received 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.

would not have a material affect on profit or loss.

Notes to the financial statements (continued)

Financial risk management (continued)

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.

Trade and other payables	Carrying Amount	Contractual cash flows	6 months or less
	£000	£000	£000
30 June 2013	25,404	25,404	25,404
30 June 2012	21,490	21,490	21,490

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

The Company is a subsidiary undertaking of Lend Lease Construction Holdings Limited, which is registered in England and Wales. Its ultimate parent undertaking is Lend Lease Corporation Limited, which is incorporated in Australia.

The largest group in which the results of the company are consolidated is that headed by Lend Lease Corporation Limited. The consolidated financial statements of the 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.au

20 Prior year restatement

The prior year note for provisions for liabilities and charges (note 10) included a provision for lifecycle future works of £19,010,000, which was included on the balance sheet within non-current liabilities.

In 2013 the lifecycle provision has been re-presented as deferred income on the balance sheet and in note 11. There is no impact on net assets or on the income statements.

12 Called up share capital

	2013	2012
	£	£
<i>Authorised</i>		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid	1	1
100 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

13 Retained Earnings

	2013	2012
	£000	£000
At beginning of year	5,883	3,805
Retained profit for the year	14,153	2,078
	<u>20,036</u>	<u>5,883</u>

14 Cash flows from operating activities

	2013	2012
	£000	£000
Profit for the year	14,153	2,078
Adjustments for:		
Tax charge	4,418	714
Changes in working capital:		
(Increase)/decrease in trade & Other receivables (Note 7)	(3,750)	1,536
Decrease in the parent and other group undertakings debtor (Note 7)	23	299
Increases in trade payables (Note 9)	353	1,546
Increase/(decrease) in related party payables (Note 9)	2,083	(1,388)
Increase in accruals and other liabilities (Note 9)	116	3,916
(Decrease)/increase in provisions and deferred income (Note 10 and Note 11)	(9,695)	71
	<u>7,701</u>	<u>8,772</u>

15 Commitments

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

	2013	2012
	£000	£000
Within one year	205	250
In the second to fifth years inclusive	638	631
Over five years	2,478	2,478
	<u>3,321</u>	<u>3,359</u>

Company No: 03810466

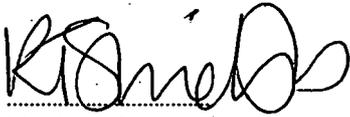
LEND LEASE FACILITIES MANAGEMENT (EMEA) LIMITED

Supplementary Note

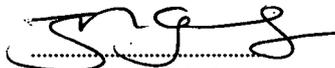
These revised accounts replace the original accounts and they are now statutory accounts. These accounts have been prepared as at the date of the original accounts and not at the date of the revision and accordingly do not deal with events between those dates.

Amended page 16 shown below:

These accounts were approved by the Board of Directors on 27th June 2014.



Mr Keith Shields
Director



Ms Joanna McGovern
Director

