

**Cofely FM Limited**  
**(formerly Lend Lease Facilities Management (EMEA) Limited)**

**Registered number: 03810466**

**Annual report and financial statements**  
**For the 18 months ended 31 December 2014**



## **Company information**

### **Directors**

W Petrie  
R Blumberger  
N Lovett

**Company secretary**  
S Gregory

**Registered number**  
03810466

**Registered office**  
Cofely Q3 Office  
Quorum Business Park  
Benton Lane  
Newcastle-upon-Tyne  
Tyne and Wear  
NE12 8EX

**Independent auditors**  
Ernst & Young LLP  
Citygate  
St James' Boulevard  
Newcastle-upon-Tyne  
NE1 4JD

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## Strategic report

The directors present their strategic report for the 18 months ended 31 December 2014.

### Principal activities and review of business

The principal activity of Cofely FM Limited (formerly Lend Lease Facilities Management (EMEA) Limited) ("the company") is the provision of facilities management in the United Kingdom and Ireland.

The company changed its name from Lend Lease Facilities Management (EMEA) Limited to Cofely FM Limited on 8 July 2014 following the acquisition by Cofely UK Limited on 6 July 2014. The company also changed its accounting year end from 30 June to 31 December and, consequently, these financial statements have been prepared for the 18 months ended 31 December 2014.

The company is a private limited liability company, incorporated and domiciled in the United Kingdom. The address of its registered office is Cofely Q3 Office, Quorum Business Park, Benton Lane, Newcastle-upon-Tyne, Tyne and Wear, NE12 8EX.

Turnover for the period under review was £122,777,000 (*year ended 30 June 2013: £94,169,000*) and the loss before tax for the period under review was £29,682,000 (*year ended 30 June 2013: profit of £18,571,000*).

The company currently operates in two sectors offering facilities management services to the Healthcare, Government and Retail sectors. The basis of trade is the delivery of PFI operations, with a number of Retail centres also under management.

Following the acquisition by Cofely UK Limited, the directors have conducted a review of the contract portfolio and have made provisions and adjustments to deferred income totalling £38,160,000 (note 5) to recognise specific issues with some of the contracts held by the company. The charge associated with these provisions has been highlighted in the statement of comprehensive income as exceptional. The underlying trading of the business continues to be profitable and in-line with expectations.

### Principal risks and uncertainties

The identification, assessment, pursuit and management of opportunities and the associated risks is an integral part of the management and processes of the company. The company has rigorous processes in place for managing the exposure within a specified opportunities and risk management framework that applies to all activities of the company, including:

#### External risks

The company continuously addresses the impact of the external business environment, updating as appropriate, its strategy and medium term planning.

#### Strategic risks

In pursuit of business opportunities, the company is particularly aware of the potential for importing risk, whether by way of winning contracts, forming joint ventures, or acquiring businesses or investments. Rigorous processes are therefore in place for managing such exposure within a specified opportunity and risk management framework.

## Strategic report

### Organisation and management risks

The retention and recruitment of staff is a challenge faced by the company and the sector in which it operates. The company is conscious of the reliance placed on IT systems as a platform for efficient delivery of day-to-day operational activities and, having completed its post-acquisition integration, continues to develop and deliver further improvements.

### Delivery and operational risks

In delivering contracts and business improvement initiatives, robust processes are in place for managing the potential risk exposure.

### Health, safety and environmental risks

The health and safety of its employees and of the public is of the utmost importance to the company. The company has a responsible attitude to the environmental impact of the infrastructure, building, industrial development and other projects with which it is concerned. It seeks to always act in accordance with good practice, preserving and, where possible, enhancing the quality of the environment. The company's system for environmental issues continues to form a significant and integral part of their systems.

### Sustainability

Delivering our service in a sustainable manner is an expectation from our employees, clients and the communities in which we work. This strategy ensures that we deliver a customer focused, socially responsible service. The company is dedicated to identifying and delivering innovative and sustainable services to reduce operating costs through low energy and efficient workplaces. This strategy aligns with our values and mission statement to develop innovative solutions that improve the efficiency of cities, buildings, industry and infrastructure across the UK. This also involves engaging with employees, so they understand why sustainability is important and how they can contribute.

### Financial key performance indicators

The company has participated in a review of key performance indicators relevant to the company's performance and prospects. These are as follows:

#### Turnover

The company's turnover for the period totals £122,777,000 (2013: £94,169,000), an increase of £28,608,000 (30%) on the previous year.

#### Earnings before interest, tax, depreciation and amortisation ("EBITDA")

The company's EBITDA for the period totals a loss of £29,800,000 (2013: profit of £18,346,000), a decrease of £48,146,000 (262%) on the previous year.

Cofely FM Limited (formerly Lend Lease Facilities Management (EMEA) Limited)

## Strategic report

### Going concern

In reviewing the future prospects of the company, the directors have considered the fact that the company is in a net liability position and that it has adequate financial support from Cofely UK Limited, which has been confirmed in writing, for the foreseeable future, whose resources are capable of meeting the company's debt should the need arise. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

This report was approved by the board on 8 January 2016 and signed on its behalf.



**R Blumberger**  
Director

## Directors' report

The directors present their report and the audited financial statements for the 18 months ended 31 December 2014.

### Results and dividends

The loss for the period after taxation amounted to £23,917,000 (*year ended 30 June 2013: profit of £14,153,000*).

During the period prior to acquisition, out of distributable reserves that existed at that time, dividends paid totalled £24,712,644, amounting to £24,712,644 per ordinary share (*year ended 30 June 2013: £nil*).

The directors do not recommend the payment of a final dividend for the period ended 31 December 2014 (*year ended 30 June 2013: £20,000,000*).

### Directors

The directors who served during the period and up to the date of signing the financial statements were:

M Boor (resigned 6 July 2014)  
J McGovern (resigned 6 July 2014)  
K Shields (resigned 6 July 2014)  
N Lovett (appointed 6 July 2014)  
R Blumberger (appointed 6 July 2014)  
W Petrie (appointed 6 July 2014)

### Financial risk management

The company monitors its exposure to risk on an on-going basis. The company's activities do not expose it to any material price risk. Due to the nature of the company's business and the assets and liabilities contained within the balance sheet, the financial risks the directors consider relevant to the company are credit risk, liquidity risk, foreign currency exchange risk and cash flow interest rate risk. The company has not used financial instruments to change its exposure to these risks.

#### Credit risk

Credit risk arises on the company's principal financial assets, which are cash and cash equivalents, trade receivables and amounts due from group undertakings. The credit risk associated with cash is limited, as the company uses financial institutions with a high credit rating for banking requirements. All customers are credit checked prior to any sales and only customers with an appropriate credit risk history are offered credit terms. The company has no significant concentration of credit risk, with exposure spread over a large number of customers. The credit risk on amounts due from group undertakings is not considered to be significant.

#### Liquidity risk

The company is exposed to liquidity risk on its financial liabilities, including trade and other payables. In order to maintain liquidity to ensure sufficient funds are available for on-going operations and future developments, the company has access to banking facilities and loans from group companies.

## **Directors' report**

### **Foreign exchange risk**

Foreign exchange risk refers to the adverse effects of changes in foreign exchange rates on the company's income and expenses. Foreign exchange risk is managed at a group level and the company does not currently have in place any arrangements to manage its exposure to foreign exchange currency risk.

### **Cash flow interest rate risk**

Cash flow 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. Cash flow interest rate risk is managed at a group level and the company does not currently have in place any arrangements to manage its exposure to cash flow interest rate risk.

### **Capital risk management**

The company's policy in respect of capital risk management can be found in note 24 of the financial statements.

### **Employee involvement**

The company places considerable value on the involvement of its employees and systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. This is achieved through regular meetings between management and elected employee representatives, company-wide web presentations, intranet news articles and mails to employee's home addresses. Employee involvement in the company is encouraged through regular employee surveys, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in improving its performance. The company also encourages the involvement of employee's by means of the link employee share purchase plan.

### **Disabled employees**

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

### **Qualifying third party indemnity provisions**

Company officers and duly appointed delegates thereof, are indemnified by the Engie global directors and officers policy ("the policy") in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. This qualifying third party indemnity provision was in force throughout the year and remains in force as at the date of approving these financial statements.



## **Directors' report**

### **Future developments**

The directors are confident that the company will be able to build on its current portfolio of contracts and grow the business with both existing and new clients in the future.

### **Disclosure of information to the auditors**

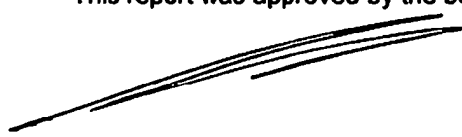
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Independent auditors**

During the year KPMG LLP resigned as auditors to the company and the directors have appointed Ernst & Young LLP.

This report was approved by the board on 8 January 2016 and signed on its behalf.



**R Blumberger**  
Director

## **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

Under company law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the company for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance;
- state that the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the members of (formerly Lend Lease Facilities Management (EMEA) Limited)**

We have audited the financial statements of (formerly Lend Lease Facilities Management (EMEA) Limited) for the 18 months ended 31 December 2014 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

### **Respective responsibilities of directors and auditors**

As explained more fully in the directors' responsibilities statement set out on page 9, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the 18 month period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

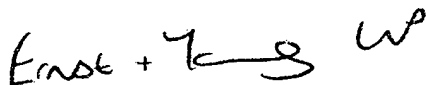
In our opinion the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report to the members of (formerly Lend Lease Facilities Management (EMEA) Limited)**

### **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.

Handwritten signature of Caroline Mulley, consisting of the word 'Ernst' followed by a stylized signature and the letters 'WP'.

Caroline Mulley (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP  
Statutory Auditors  
Newcastle-upon-Tyne  
8 January 2016

## Statement of comprehensive income

for the 18 months ended 31 December 2014

		<b>18 months ended 31 December 2014</b>	<b>Year ended 30 June 2013</b>
	<i>Notes</i>	<b>£000</b>	<b>£000</b>
<b>Revenue</b>			
Excluding exceptional items		131,397	94,169
Exceptional items	5	(8,620)	–
Revenue after exceptional items	2	122,777	94,169
Cost of sales		(115,254)	(70,785)
<b>Gross profit</b>		<b>7,523</b>	<b>23,384</b>
<b>Administrative expenses</b>			
Excluding exceptional items	9	(7,783)	(5,038)
Exceptional items	5	(29,540)	–
Administrative expenses after exceptional items		(37,323)	(5,038)
<b>Operating (loss)/profit</b>	4	<b>(29,800)</b>	<b>18,346</b>
Finance costs	10	(196)	–
Finance income	11	314	225
<b>(Loss)/profit before income tax</b>		<b>(29,682)</b>	<b>18,571</b>
Income tax	12	5,765	(4,418)
<b>(Loss)/profit and total comprehensive (loss)/income for the financial period attributable to the owners of the company</b>		<b>(23,917)</b>	<b>14,153</b>

Cofely FM Limited (formerly Lend Lease Facilities Management (EMEA) Limited)

## Statement of financial position

at 31 December 2014

		31 December 2014	30 June 2013
	Notes	£000	£000
<b>Non-current assets</b>			
Deferred tax assets	12	6,946	110
<b>Current assets</b>			
Trade and other receivables	13	31,457	10,128
Cash and cash equivalents	14	7,086	46,126
<b>Total current assets</b>		<b>38,543</b>	<b>56,254</b>
<b>Total assets</b>		<b>45,489</b>	<b>56,364</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to the owners of the company</b>			
Ordinary shares	15	–	–
(Accumulated losses)/retained earnings		(28,594)	20,036
<b>Total equity</b>		<b>(28,594)</b>	<b>20,036</b>
<b>Non-current liabilities</b>			
Deferred income	17	26,480	9,428
Provisions for other liabilities	19	10,210	–
<b>Total non-current liabilities</b>		<b>36,690</b>	<b>9,428</b>
<b>Current liabilities</b>			
Trade and other payables	18	15,453	21,142
Income tax payable		1,096	4,672
Provisions for other liabilities	19	20,844	1,086
<b>Total current liabilities</b>		<b>37,393</b>	<b>26,900</b>
<b>Total liabilities</b>		<b>74,083</b>	<b>36,328</b>
<b>Total equity and liabilities</b>		<b>45,489</b>	<b>56,364</b>

The financial statements on pages 12 to 37 were approved and authorised for issue by the board and were signed on its behalf on 8 January 2016.

  
R Blumberger  
Director

Registered number: 03810466

## Statement of changes in equity

for the 18 months ended 31 December 2014

	Note	Share capital £000	(Accumulated losses)/ retained earnings £000	Total equity £000
<b>At 1 July 2012</b>		–	5,883	5,883
Profit and total comprehensive income for the year		–	14,153	14,153
<b>At 1 July 2013</b>		–	20,036	20,036
Loss and total comprehensive loss for the period		–	(23,917)	(23,917)
Dividends paid	16	–	(24,713)	(24,713)
<b>At 31 December 2014</b>		–	(28,594)	(28,594)

## Statement of cash flows

for the 18 months ended 31 December 2014

	Note	18 months ended 31 December 2014 £000	Year ended 30 June 2013 £000
<b>Cash flows from operating activities:</b>			
Cash (outflow)/generated from operations	22	(9,994)	7,476
Income tax paid		(4,647)	(1,256)
<b>Net cash (outflow)/generated from operating activities</b>		<b>(14,641)</b>	<b>6,220</b>
<b>Cash flows from investing activities:</b>			
Interest received	11	314	225
<b>Net cash used in investing activities</b>		<b>314</b>	<b>225</b>
<b>Cash flows from financing activities:</b>			
Dividends paid to owners of the company	16	(24,713)	–
<b>Net cash used in financing activities</b>		<b>(24,713)</b>	<b>–</b>
<b>Net cash flow from operating activities</b>		<b>(39,040)</b>	<b>6,445</b>
Cash and cash equivalents at 1 July		46,126	39,681
<b>Cash and cash equivalents at end of period</b>	14	<b>7,086</b>	<b>46,126</b>

## Notes to the financial statements

at 31 December 2014

### 1. General information

The financial statements of Cofely FM Limited (formerly Lend Lease Facilities Management (EMEA) Limited) for the 18 months ended 31 December 2014 were authorised for issue by the board of directors on 8 January 2016 and the statement of financial position was signed on the board's behalf by R Blumberger.

The company is a private limited liability company, incorporated and domiciled in the United Kingdom. The address of its registered office is Cofely Q3 Office, Quorum Business Park, Benton Lane, Newcastle-upon-Tyne, Tyne and Wear, NE12 8EX.

The principal accounting policies adopted in the preparation of these financial statements are set out in note 2. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### 2. Accounting policies

#### *Basis of preparation*

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to companies reporting under IFRS.

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

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

#### *Going concern*

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due.

The company's results for the period ending 31 December 2014 show a post-tax loss of £23.9m and net current assets of £1.2m at the balance sheet date. The company meets its day to day working capital requirements through inter-company funding and continuing financial support from the ultimate parent undertaking and has received written confirmation of this support for a period of 12 months from approval of these accounts. In view of the circumstances referred to above, the directors are satisfied that financial support will be available to the company for the foreseeable future. Accordingly, the directors of the company believe that it is appropriate to adopt the going concern basis in preparing the financial statements.

However, should sufficient continuing finance not be available, the going concern basis would be invalid and adjustments would have to be made to provide for any further liabilities which might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.



## Notes to the financial statements

at 31 December 2014

### 2. Accounting policies (continued)

#### *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. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below.

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*

##### *(a) PFI 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 annually) for providing facilities management services in maintaining the assets. Costs incurred for carrying out the related service are offset against these revenues, with any difference 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.

##### *(b) Retail contracts*

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

#### *Leases*

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 statement of comprehensive income on a straight-line basis over the period of the lease.

#### *Finance income*

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

## Notes to the financial statements

at 31 December 2014

### 2. Accounting policies (continued)

#### *Foreign currency translation*

##### *(a) Functional and presentation currency*

The functional and presentation currency of the company is Pounds Sterling ("£")

##### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income in the period in which they arise.

#### *Taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised directly in equity.

The current income tax charge is based on taxable profit for the year. Taxable profit differs from net profit 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 current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, 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. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## Notes to the financial statements

at 31 December 2014

### 2. Accounting policies (continued)

#### *Employee benefits*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### *Exceptional items*

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

#### *Financial assets*

The group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'cash and cash equivalents' and 'trade and other receivables' in the balance sheet.

#### *Trade receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the statement of comprehensive income.

## Notes to the financial statements

at 31 December 2014

### 2. Accounting policies (continued)

#### *Cash and cash equivalents*

In the statement of cash flows, cash and cash equivalents comprises cash in hand and at bank and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

#### *Trade payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### *Share capital*

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

#### *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.

#### *Dividends distribution*

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders.

#### *Changes in accounting policy and disclosures*

##### *(a) New and amended standards adopted by the company*

The following standards and amendments are effective for the first time for the financial period beginning on 1 July 2013:

- IFRS 13 'Fair value measurement' (effective 1 January 2013)
- Annual improvements 2011 (effective 1 January 2013)
- Amendment to IFRS 1 'First time adoption' (effective 1 January 2013)

The impact on the financial statements of adopting these standards is not material.

## Notes to the financial statements

at 31 December 2014

### 2. Accounting policies (continued)

#### (b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the company.

### 3. 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. The resulting accounting estimates will therefore will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### *Revenue recognition and long-term contract profitability*

The company's revenue recognition and long-term service contract accounting policies (set out in note 2) 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.

### 4. Operating (loss)/profit

This is stated after charging/(crediting):

	<b>18 months ended 31 December 2014 £000</b>	<b>Year ended 30 June 2013 £000</b>
Operating lease payments	161	154
Bad and doubtful debt expense (note 13)	87	58
Foreign exchange losses/(gains) (note 9)	243	(52)
Employee benefit expense (note 7)	33,927	21,601
Exceptional items (note 5)	<b>38,160</b>	<b>–</b>

## Notes to the financial statements

at 31 December 2014

### 5. Exceptional items

Exceptional items in the current year relate to adjustments made following the acquisition of the company by Cofely UK Limited on 6 July 2014 as follows:

	<b>18 months ended 31 December 2014 £000</b>	<b>Year ended 30 June 2013 £000</b>
Revenue recognition adjustment to deferred income	8,620	-
Onerous contract provision	12,108	-
Contract risk provision	17,432	-
	<b>38,160</b>	<b>-</b>

Following the acquisition by Cofely UK Limited the directors have conducted a review of the contract portfolio and have made provisions and adjustments to deferred income totalling £38,160,000 to recognise specific issues with some of the contracts held by the company.

### 6. Auditors' remuneration

During the period the company obtained the following services from the company's auditors and their associates:

	<b>18 months ended 31 December 2014 £000</b>	<b>Year ended 30 June 2013 £000</b>
Fees payable to the company's auditors and their associates for the audit of the company's annual financial statements	32	-

The prior year fee payable to the company's auditors for the audit of the annual financial statements of the company, amounting to £15,000, was borne by the then parent undertaking, Lend Lease Europe Limited.

### 7. Staff costs

	<b>18 months ended 31 December 2014 £000</b>	<b>Year ended 30 June 2013 £000</b>
Wages and salaries	29,422	18,691
Social security costs	2,075	1,366
Other pension costs	2,430	1,544
	<b>33,927</b>	<b>21,601</b>

## Notes to the financial statements

at 31 December 2014

### 7. Staff costs (continued)

The average monthly number of employees (including the directors) employed by the company during the period, engaged in the activity of providing facilities management services was 809 (year ended 30 June 2013: 784).

### 8. Directors' remuneration

The directors' emoluments in respect of their services to this company have been disclosed below. These emoluments relate solely to the directors' in office prior to acquisition by Cofely UK Limited on 6 July 2014. The current directors' of the company were paid by a fellow subsidiary company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and the services as directors of the fellow subsidiary companies.

	<b>18 months ended 31 December 2014 £000</b>	<b>Year ended 30 June 2013 £000</b>
Aggregate remuneration	125	176
Contributions to defined contribution scheme	14	15
	<b>139</b>	<b>191</b>

There was one director accruing benefits under a defined contribution scheme during the period (year ended 30 June 2013: one).

### 9. Administrative expenses

	<b>18 months ended 31 December 2014 £000</b>	<b>Year ended 30 June 2013 £000</b>
Foreign exchange losses/(gains)	243	(52)
Administrative expenses	7,540	5,090
	<b>7,783</b>	<b>5,038</b>

### 10. Finance costs

	<b>18 months ended 31 December 2014 £000</b>	<b>Year ended 30 June 2013 £000</b>
Unwinding of discount on provisions (note 19)	196	–

## Notes to the financial statements

at 31 December 2014

### 11. Finance income

	<b>18 months ended 31 December 2014 £000</b>	<b>Year ended 30 June 2013 £000</b>
Bank interest receivable	<b>314</b>	<b>225</b>

### 12. Income tax

(a) *Analysis of tax (credit)/charge in the period:*

The income tax (credit)/charge is made up as follows:

	<b>18 months ended 31 December 2014 £000</b>	<b>Year ended 30 June 2013 £000</b>
<b>Current income tax:</b>		
UK corporation tax on the (loss)/profit for the period	<b>1,071</b>	<b>4,251</b>
Adjustments in respect of prior periods	<b>–</b>	<b>7</b>
Total current income tax	<b>1,071</b>	<b>4,258</b>
<b>Deferred income tax:</b>		
Origination and reversal of temporary differences	<b>(7,231)</b>	<b>160</b>
Impact of change in tax rate	<b>353</b>	<b>–</b>
Adjustments in respect of prior periods	<b>42</b>	<b>–</b>
Total deferred income tax	<b>(6,836)</b>	<b>160</b>
Income tax charge	<b>(5,765)</b>	<b>4,418</b>



## Notes to the financial statements

at 31 December 2014

### 12. Income tax (continued)

#### (b) Reconciliation of the total income tax (credit)/charge

The income tax (credit)/charge in the statement of comprehensive income for the period differs from the standard rate of corporation tax in the UK of 22% (year ended 30 June 2013: 23.75%). The differences are reconciled below:

	18 months ended 31 December 2014 £000	Year ended 30 June 2013 £000
(Loss)/profit before income tax	(29,682)	18,571
(Loss)/profit before income tax multiplied by standard rate of corporation tax in the UK of 22% (year ended 30 June 2013: 23.75%)	(6,530)	4,411
<b>Effects of:</b>		
Expenses not deductible for tax purposes	3	-
Movement in short-term timing differences	-	-
Capital allowances in excess of depreciation	-	-
Losses carried forward	-	-
Impact of change in tax rate	720	-
Adjustments in respect of prior periods	42	7
<b>Income tax for the period</b>	<b>(5,765)</b>	<b>4,418</b>

## Notes to the financial statements

at 31 December 2014

### 12. Income tax (continued)

#### (c) *Deferred income tax*

The movement in deferred income tax is as follows:

	<b>18 months ended 31 December 2014 £000</b>	<b>Year ended 30 June 2013 £000</b>
At 1 July	110	270
Tax credited/(charged) in the statement of comprehensive income	<u>6,836</u>	<u>(160)</u>
At end of period	<b>6,946</b>	<b>110</b>
<b><i>Analysed as:</i></b>		
Depreciation in advance of capital allowances	16	–
Short-term timing differences	<u>6,930</u>	<u>110</u>
	<b>6,946</b>	<b>110</b>
Deferred tax assets to be recovered after more than 12 months	1,027	–
Deferred tax assets to be recovered within 12 months	<u>5,919</u>	<u>110</u>
	<b>6,946</b>	<b>110</b>

#### (d) *Factors that may affect future income tax charges*

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the company's results for this accounting period are taxed at an effective rate of 22%.

The March 2013 Budget announced that the rate will further reduce to 20% by 1 April 2015, which was substantively enacted on 2 July 2013. Accordingly, a rate of 20% has been applied in the measurement of the deferred tax asset at 31 December 2014.

In the Summer Budget on 8 July 2015, the Chancellor of the Exchequer announced further reductions in the rate of corporation tax from 20% to 19% effective from 1 April 2017 and from 19% to 18% effective from 1 April 2020. As neither of these changes had been substantively enacted at the balance sheet date, the substantively enacted rate of 20% therefore applies to the deferred tax balances arising at 31 December 2014.

## Notes to the financial statements

at 31 December 2014

### 13. Trade and other receivables

	<b>31 December 2014 £000</b>	<b>30 June 2013 £000</b>
Trade receivables	12,287	277
Less: provision for impairment of trade receivables	(277)	–
Trade receivables: net	12,010	277
Prepayments and accrued income	2,892	828
Amounts due from related parties (note 23)	–	8,341
Amounts due from group undertakings (note 23)	16,555	682
	<b>31,457</b>	<b>10,128</b>

The fair value of trade and other receivables is equal to the carrying value.

The ageing of trade receivables and amounts due from related parties at the reporting date was:

	<b>31 December 2014 £000</b>	<b>30 June 2013 £000</b>
<b>Trade receivables</b>		
Not past due and not impaired	7,915	249
Past due but not impaired:		
- Up to three months	3,608	26
- More than three months	198	2
Impaired assets		
- Up to three months	155	
- More than three months	411	–
	<b>12,287</b>	<b>277</b>

As of 31 December 2014, trade receivables of £566,000 (30 June 2013: £nil) were impaired and the amount of the provision was £277,000 (30 June 2013: £nil).

	<b>31 December 2014 £000</b>	<b>30 June 2013 £000</b>
<b>Amounts due from related parties</b>		
Not past due and not impaired	–	3,837
Past due but not impaired:		
- Up to three months	–	3,604
- More than three months	–	900
Impaired assets		
- More than three months	–	190
	<b>–</b>	<b>8,531</b>

## Notes to the financial statements

at 31 December 2014

### 13. Trade and other receivables (continued)

As of 31 December 2014, amounts due from related parties of £nil (30 June 2013: £190,000) were impaired and the amount of the provision was £nil (30 June 2013: £190,000).

Movements on the provision for impairment of trade receivables and amounts due from related parties are as follows:

	<b>18 months ended 31 December 2014 £000</b>	<b>Year ended 30 June 2013 £000</b>
At 1 July	190	132
Provision for impairment	87	58
At end of period	<u>277</u>	<u>190</u>

The creation and the release of the provision for impairment have been included within administrative expenses in the statement of comprehensive income.

### 14. Cash and cash equivalents

	<b>31 December 2014 £000</b>	<b>30 June 2013 £000</b>
Cash at bank and in hand	<u>7,086</u>	<u>46,126</u>

### 15. Share capital

	<b>31 December 2014 £</b>	<b>30 June 2013 £</b>
<b>Authorised</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>	<b>Number of shares</b>	<b>Share capital £</b>
At 1 July 2012, 30 June 2013 and 31 December 2014	<u>1</u>	<u>1</u>

## Notes to the financial statements

at 31 December 2014

### 16. Dividends paid

	<b>31 December 2014 £000</b>	<b>30 June 2013 £000</b>
Final dividend in respect of 2013 (£20,000,000 per share)	20,000	–
Interim dividend for 2014 (£4,712,644 per share)	4,713	–
	<b>24,713</b>	<b>–</b>

The directors do not recommend the payment of a final dividend for the period ended 31 December 2014 (year ended 30 June 2013: £20,000,000).

### 17. Deferred income

	<b>31 December 2014 £000</b>	<b>30 June 2013 £000</b>
Billing in advance of work completed	<b>26,480</b>	<b>9,428</b>

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

### 18. Trade and other payables

	<b>31 December 2014 £000</b>	<b>30 June 2013 £000</b>
Trade payables	205	2,248
Amounts due to related parties	–	958
Social security and other taxes	1,047	267
Other payables	500	–
Accruals and deferred income	13,701	17,669
	<b>15,453</b>	<b>21,142</b>

The fair value of trade and other payables is equal to the carrying value.

## Notes to the financial statements

at 31 December 2014

### 19. Provisions for other liabilities

	<i>Mobilisation</i>	<i>Defects reserve</i>	<i>Risk reserve</i>	<i>Onerous contract provision</i>	<i>Total</i>
	£000	£000	£000	£000	£000
At 1 July 2013	373	713	–	–	1,086
Additional provisions	104	–	18,269	12,108	30,481
Used during the period	(477)	(232)	–	–	(709)
Unwinding of discount (note 10)	–	–	–	196	196
Unused amounts reversed	–	–	–	–	–
<b>At 31 December 2014</b>	<b>–</b>	<b>481</b>	<b>18,269</b>	<b>12,304</b>	<b>31,054</b>

Analysis of total provisions:

	<b>31 December 2014 £000</b>	<b>30 June 2013 £000</b>
Non-current	10,210	–
Current	20,844	1,086
	<b>31,054</b>	<b>1,086</b>

#### **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 has been fully utilised at 31 December 2014.

#### **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 £481,000 at 31 December 2014 is expected to be fully utilised by 30 June 2015.

#### **Risk reserve**

Risk reserve is a provision for high risk site issues identified, including defects, an onerous lease provision, legal costs and additional pension liabilities. The provision of £18,269,000 at 31 December 2014 is expected to be utilised in the short-term, subject to settlement with relevant customers and work carried out to resolve the related matters.

#### **Onerous contract provision**

Onerous contract provision is based on the extent that the life-cycle funding over the remaining life of the project is insufficient to cover the costs associated with maintaining the assets at the required condition.

## Notes to the financial statements

at 31 December 2014

### 20. Commitments

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

	<b>31 December 2014 £000</b>	<b>30 June 2013 £000</b>
Within one year	8	205
Within two to five years	85	638
Over five years	—	2,478
	<b>93</b>	<b>3,321</b>

### 21. Pensions

The company was a member of a group wide pension scheme, the Lend Lease UK Pension Scheme, which was a funded scheme of the defined benefit type.

A separate section, the Personal Investment section, provided retirement benefits on a defined contribution basis. The company's contributions to members' PIF financial statements 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. On 1 April 2015, through a Flexible Apportionment Arrangement, the trustees of the Lend Lease UK Pension Scheme agreed that the company's liability to contribute to the Lend Lease UK Pension Scheme was terminated on 30 November 2014.

For the period ended 30 November 2014, being the date of the termination agreement, the total contributions paid to the defined benefit section of the Lend Lease UK Pension Scheme were £15,681,380 (year ended 30 June 2013: £10,900,000), of which the company's share was £1,329,118 (year ended 30 June 2013: £1,544,078).

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. For the period ended 31 December 2014, these contributions total £486,995 (year ended 30 June 2013: £390,000).

## Notes to the financial statements

at 31 December 2014

### 22. Cash flows from operating activities

	<b>18 months ended 31 December 2014 £000</b>	<b>Year ended 30 June 2013 £000</b>
(Loss)/profit before income tax	(29,682)	18,571
<b>Adjustments for:</b>		
Finance costs	196	–
Finance income	(314)	(225)
<b>Changes in working capital:</b>		
Movement in trade and other receivables (note 13)	(21,329)	(3,727)
Movement in trade and other payables (note 18)	(5,689)	2,552
Movement in provisions (note 19)	29,772	(113)
Movement in deferred income (note 17)	17,052	(9,582)
<b>Cash generated from operations</b>	<b>(9,994)</b>	<b>7,476</b>

### 23. Related party transactions

The company entered into related party transactions with associates as part of the Lend Lease group and therefore the disclosures in respect of transactions with associates relate to the period up to the acquisition by Cofely UK Limited on 6 July 2014.

The following transactions were carried out with related parties:

#### (a) Sale of goods and services

	<b>18 months ended 31 December 2014 £000</b>	<b>Year ended 30 June 2013 £000</b>
Sale of services – associates	425	32,928

Sale of services are negotiated with related parties on a cost-plus basis, allowing a margin ranging from 5% to 15% (year ended 30 June 2013: 5% to 15%).

#### (b) Purchases of goods and services

	<b>18 months ended 31 December 2014 £000</b>	<b>Year ended 30 June 2013 £000</b>
Purchases of services – associates	1,955	2,924

Goods and services are bought from associates on normal commercial terms and conditions.



## Notes to the financial statements

at 31 December 2014

### 23. Related party transactions (continued)

#### (c) Year-end balances arising from sales and purchases of goods and services

	31 December 2014 £000	30 June 2013 £000
Amounts due from related parties (note 13) – associates	–	8,341
Amounts due to related parties (note 18) – associates	–	958

The receivables from related parties arise mainly from sale transactions and are due one month after the date of sales. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties (30 June 2013: £190,000).

The payables to related parties arise mainly from purchase transactions and are due one month after the date of purchase. The payables are unsecured in nature and bear no interest.

#### (d) Year-end balances arising from other transactions

	31 December 2014 £000	30 June 2013 £000
Amounts due from group undertakings (note 13)	16,555	682

The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties (30 June 2013: £nil).

#### (e) Key management compensation

Key management includes the directors of the company, however only one director is directly employed and remunerated for services to the company. The compensation paid or payable to key management for services to the company is shown below:

	18 months ended 31 December 2014 £000	Year ended 30 June 2013 £000
Salaries and other short-term employee benefits	125	176
Post-employment benefits	14	15
	139	191

## Notes to the financial statements

at 31 December 2014

### 24. Financial risk management

The company monitors its exposure to risk on an on-going basis. The company's activities do not expose it to price risk. Due to the nature of the company's business and the assets and liabilities contained within the balance sheet, the financial risks the directors consider relevant to the company are credit risk, liquidity risk, foreign currency exchange risk and cash flow interest rate risk. The company has not used financial instruments to change its exposure to these risks.

#### (a) Credit risk

Credit risk arises on the company's principal financial assets, which are cash and cash equivalents, trade receivables and amounts due from group undertakings.

The credit risk associated with cash is limited, as the company uses financial institutions with a high credit rating for banking requirements.

The company has no significant concentration of credit risk, with exposure spread over a large number of customers. All customers are credit checked prior to any sales and only customers with an appropriate credit risk history are offered credit terms. Credit risk is managed by limiting the exposure to any 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 credit risk on amounts due from group undertakings is not considered to be significant.

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 of credit risk on either a geographic or industry specific basis.

#### (b) Liquidity risk

The company is exposed to liquidity risk on its financial liabilities, including trade and other payables. In order to maintain liquidity to ensure sufficient funds are available for on-going operations and future developments, the company has access to banking facilities and loans from group companies.

The table below analyses the company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

<i>Trade and other payables</i>	<i>Carrying amount £000</i>	<i>Contractual cash flows £000</i>	<i>Less than six months £000</i>
31 December 2014	14,180	14,180	14,180
30 June 2013	19,812	19,812	19,812

## Notes to the financial statements

at 31 December 2014

### 24. Financial risk management (continued)

#### (c) Foreign exchange risk

Foreign exchange risk refers to the adverse effects of changes in foreign exchange rates on the company's income and expenses.

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, the company does not currently manage any of its exposure to foreign exchange currency risk.

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

	Local currency €000	Local currency £000
<i>Net asset exposure:</i>		
31 December 2014	70	36,953
30 June 2013	799	19,617

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

#### (d) Cash flow interest rate risk

Cash flow 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 cash flow interest rate risk, are financial assets in the form of cash and cash equivalents. As a result, the company does not currently manage any of its exposure to cash flow interest rate risk.

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

#### (e) Price risk

The company does not have any equity investments or investments in commodities. The company's revenues are received against a predetermined amount at contract award with inflation applied annually based on RPI. As such, the company does not consider itself to be exposed to any significant equity, commodity or other price risk.

## Notes to the financial statements

at 31 December 2014

### 24. Financial risk management (continued)

#### Capital management

The company's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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 a debtor payment cycle to maximise liquidity.

There were no changes to company's approach to capital management during the year.

### 25. Financial instruments

#### (a) Financial instruments by category

	Loans and receivables £000	Other financial liabilities at amortised cost £000
<b>31 December 2014</b>		
Trade and other receivables <sup>(1)</sup>	29,108	-
Cash and cash equivalents	7,086	-
Trade and other payables <sup>(2)</sup>	-	14,180
	<b>36,194</b>	<b>14,180</b>
<b>30 June 2013</b>		
Trade and other receivables <sup>(1)</sup>	9,457	-
Cash and cash equivalents	46,126	-
Trade and other payables <sup>(2)</sup>	-	19,812
	<b>55,583</b>	<b>19,812</b>

<sup>1</sup> Prepayments are excluded from the trade and other receivables balance, as this analysis is only required for financial instruments.

<sup>2</sup> Statutory and non-financial liabilities are excluded from the trade and other payables balance, as this analysis is only required for financial instruments.

## Notes to the financial statements

at 31 December 2014

### 25. Financial instruments (continued)

#### (b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	31 December 2014 £000	30 June 2013 £000
<b>Cash at bank</b>		
A	7,086	46,126

	31 December 2014 £000	30 June 2013 £000
<b>Trade receivables</b>		
Counterparties without external credit rating:		
Group 2	4,408	249
Group 3	3,507	–
	<b>7,915</b>	<b>249</b>

	31 December 2014 £000	30 June 2013 £000
<b>Amounts due from related parties</b>		
Counterparties without external credit rating:		
Group 2	–	2,007
Group 3	–	1,830
	<b>–</b>	<b>3,837</b>

	31 December 2014 £000	30 June 2013 £000
<b>Amounts due from group undertakings</b>		
Counterparties with external credit rating:		
A	16,555	–
BAA	–	682
	<b>16,555</b>	<b>682</b>

Group 1 – new customers/related parties (less than six months).

Group 2 – existing customers/related parties (more than six months) with no defaults in the past.

Group 3 – existing customers/related parties (more than six months) with some defaults in the past, which were all fully recovered.

## Notes to the financial statements

at 31 December 2014

### 26. Ultimate parent undertaking and controlling party

The immediate parent company of Cofely FM Limited (formerly Lend Lease Facilities Managements (EMEA) Limited) is Cofely UK Limited, a company registered in England and Wales. The directors regard Engie S.A. (formerly GDF Suez S.A.) as the ultimate parent company and controlling party of Cofely FM Limited (formerly Lend Lease Facilities Managements (EMEA) Limited). Engie S.A. (formerly GDF Suez S.A.) is registered in France.

The parent undertaking of the largest group which includes the company for which consolidated financial statements are prepared is Engie S.A. (formerly GDF Suez S.A.). The parent undertaking of the smallest group to prepare consolidated financial statements, which include the company, is Engie Energy Services S.A (formerly GDF Suez Energy Services S.A.).

Copies of the group's consolidated financial statements may be obtained from:  
Engie, 16 Rue de la Ville l'Eveque, 75383 Paris, Cedex 08, France.