

Company registration number: 03826968

Lendlease Consulting (Europe) Limited

Annual Report and Financial Statements

for the year ended 30 June 2023

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Lendlease Consulting (Europe) Limited

Contents

Strategic Report	1 to 4
Directors' Report	5 to 6
Statement of Directors' responsibilities	7
Independent Auditor's Report to the Members of Lendlease Consulting (Europe) Limited	8 to 11
Statement of Profit or Loss and Other Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 to 28

Lendlease Consulting (Europe) Limited

Strategic Report for the year ended 30 June 2023

The Directors of Lendlease Consulting (Europe) Limited present their report for the financial year ended 30 June 2023.

Business review

The Company's principal activity is as a provider of project solutions to the construction industry in the United Kingdom.

Revenue decreased for the year as a result of ongoing impacts from COVID-19 however as the world recovers from the impacts of the pandemic; the company's strategy is to rebuild from the resized and reset business.

The Company recorded a loss after tax of £2.2m (2022: loss of £1.8m).

The Company finished the year with a net liability position of £9.4m (2022: £7.3m).

Principal risks and uncertainties

The Lendlease risk management approach recognises the nature and level of risk that the Company is willing to accept to achieve its strategic goals and key performance targets. Our approach to risk management is focused on:

- Aligning Board and management to drive informed and consistent decision making;
- Achieving effective and efficient allocation of capital and resources;
- Providing an understanding of risk limits;
- Providing context for the identification, reporting and management of risks; and
- Creating a culture of risk awareness and accountability.

Risk awareness, governance and improvement underpin the Lendlease approach, which has evolved with the business and external market.

Accountability and responsibility for risk governance and management is held at various levels across the Lendlease business including the Board and Board Committees, Group Leadership, Regional Leadership, Business Operations and Specialist Functions such as Corporate Risk and Insurance, Operational Assurance and Performance, and Internal Audit.

Although many of the risk factors influencing the business are macroeconomic, others are particular to our operations. The section following highlights some of the risks and uncertainties that affect the Lendlease Group as whole, although it is not intended to be an extensive analysis of all such risks that exist.

Lendlease Consulting (Europe) Limited

Strategic Report for the year ended 30 June 2023 (continued)

	Description	Mitigation
Health, Safety and Wellbeing	Failure to provide an environment which promotes health, safety and wellbeing impacting our ability to achieve our corporate and social responsibilities.	We are committed to the health, safety and wellbeing of our people. Through our Global Minimum Requirements (GMRs), which include both physical safety and health and wellbeing, we empower our people to operate in a consistent standard across all our operations.
Disruption	Responsiveness to disruption, including digital disruption as well as other new methods and materials emerging in the investment, development and construction sectors.	With the increasing dependence on technology, our strategic intent aims to turn disruption into an opportunity by creating a culture that fosters innovation and focuses on adopting leading edge technologies, to deliver innovative solutions, and generate a competitive point of difference.
Commercial	Commercial performance fails to meet our corporate objectives.	Our capital deployment guidelines mitigate risk and improve performance. Quarterly business reviews assess business operations against approved strategy to drive consistent, focused and risk assessed investment decisions.
Execution	Failure to execute strategy or projects affects our ability to meet our corporate objectives.	Our risk management approach and use of stage gates across our property and construction operations contributes to the mitigation of execution risk. To inform our investment decisions, we use global internal research to develop a house view of property cycles in every region.
Geopolitical	Global and local events or shifts in government policy occurs in the region in which we operate, adversely impacting our ability to achieve strategic objectives. Failure to adequately understand government's mandate, expectations and performance standards.	We are committed to growing our business in sectors that are supported by positive global trends. We are sensitive to geopolitical shifts and concentration risk and coordinate our approach to government to mitigate against sovereign risk.
Regulatory and Counterparty	Non compliance with regulatory and policy requirements by Lendlease or our clients/suppliers. Client, investor, or supply chain ethics fail to meet Lendlease standards. Failure to adequately select, govern, and drive value from counterparties. Failure to comply with government regulations impacts our ability to access government opportunities.	To further improve our culture of compliance, we focus on aligning business priorities with the necessary compliance and assurance measures. We are focused on maintaining an ethical supply chain to ameliorate the risk of material substitution and modern slavery. We have an appetite for relationships with parties who are aligned with our values.

Lendlease Consulting (Europe) Limited

Strategic Report for the year ended 30 June 2023 (continued)

	Description	Mitigation
Corporate Culture	Failure to create and maintain culture which supports Lendlease's core behaviours, principles and values to drive disciplined strategy execution.	Our values drive our approach to business and delivery of long term value. We empower our people to make business decisions that are aligned to our core values and behaviours, principles, and pillars of value. To provide a 'voice of risk', we have separate reporting routes outside those who can influence risk issues through optimism bias.
Cyber/Data Governance/Asset Protection	Failure of cyber resilience and defence systems. Leakage, misappropriation or unauthorised storage of data. Unauthorised control of systems and physical asset infrastructure (i.e. lifts, security, air conditioning).	Physical and data security continue to be key focus areas globally. We invest in preventative technology and education of employees to achieve a sustainable security culture.
Customer	Loss of existing client (including government) relationships, or inability to tailor services to future clients' needs, impacting Lendlease's financial objectives.	Bid leadership training of key employees reinforces understanding of customers' requirements. Recurrent client survey feedback informs our business strategy. A single platform assists in customer data security and aligns customer service across all regions.
Non Scalable Growth	People: inability to attract, retain, and upskill key talent necessary to deliver. Process: lack of scalable processes to support predictable growth.	To deliver the desired level of performance, we continue to invest in growing our core capabilities through active talent management and targeted professional employee development to attract, retain and grow the best people. Our processes are designed to be consistent, scalable and effective.
Corporate and Environmental Sustainability	Failure to comply with regulatory, societal and investor expectations of corporate and environmental sustainability such as climate change and social responsibility.	We are committed to creating the best places and optimising our corporate and environmental sustainability performance (including climate change and social responsibility) through our Sustainability Framework and integrating sustainability considerations into our business strategies.
Business Continuity	Failure to properly plan for and/or appropriately respond to events which may disrupt Lendlease's business.	To achieve organisational resilience, we are committed to operating in a way that supports our business being able to respond to threats and disasters without affecting our core business operations. We continue to invest in learning and development of our people to better prepare them in the event of disruption through training programs and various threat scenario simulations to stress test the plan.

Lendlease Consulting (Europe) Limited

Strategic Report for the year ended 30 June 2023 (continued)

Outlook

With the support of the Lendlease Europe Holdings Limited (the consolidated group), the Company is monitoring the impacts of the Russia-Ukraine war which began in February 2022, including the potential longer-term impacts on broader financial markets. The consolidated group does not have a business presence in either country.

Heightened geopolitical tensions are impacting the global economy, creating volatility across the global markets, reflected most notably in higher energy prices and rising inflation. The consolidated group will continue to actively monitor global political and economic risk to support the business and the Board in understanding the potential landscape, ensuring resilience framework is up to exposures and mitigation strategies.

Approved by the Board on 23 February 2024 and signed on its behalf by:



.....
T Gillibrand
Director

Lendlease Consulting (Europe) Limited

Directors' Report for the Year Ended 30 June 2023

The Directors of Lendlease Consulting (Europe) Limited present their report for the financial year ended 30 June 2023.

Directors of the company

The following persons held office as directors of the Company during the financial year and up to the date of this report:

S Gorski

J Losyk

T Gillibrand (appointed 24 May 2023)

Results

The Company's loss after tax for the year was £2.2m (2022: loss of £1.8m).

Dividends

The Directors do not recommend the payment of a dividend (2022: £nil).

Streamlined Energy and Carbon Reporting (SECR)

The Directors of the "Company" are responsible for disclosing information under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. These disclosures have been presented in the consolidated Lendlease Europe Holdings Limited ("LLEH") financial report.

Political donations

The Company made no political donations or incurred any political expenditure during the year (2022: £nil).

Research and development

Innovation is part of the Lendlease Group's heritage and is embedded in the approach to business.

There has been no indication of likely future developments in the business, nor any event or circumstance since the end of the financial year to the date of this report that would significantly affect the Company.

The company will continue to perform principal activities as described in Note 1.

Events after the balance sheet date

There were no material events subsequent to the end of the financial year.

Disclosure of information to the 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.

Reappointment of auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Lendlease Consulting (Europe) Limited

Directors' Report for the Year Ended 30 June 2023 (continued)

Approved by the Board on 23 February 2024 and signed on its behalf by:



.....
T Gillibrand
Director

Lendlease Consulting (Europe) Limited

Statement of Directors' responsibilities

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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Directors of Lendlease Consulting (Europe) Limited

Opinion

We have audited the financial statements of Lendlease Consulting (Europe) Limited (the "Company") for the year ended 30 June 2023, which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent Auditor's Report to the Directors of Lendlease Consulting (Europe) Limited (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit and inspection of policy documentation as to the Company’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, and the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as contract forecast cost and resulting revenue estimates for contracts.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.
- Assessing significant accounting estimates for bias

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Independent Auditor's Report to the Directors of Lendlease Consulting (Europe) Limited (continued)

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report opinion

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Independent Auditor's Report to the Directors of Lendlease Consulting (Europe) Limited (continued)

Directors' responsibilities

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

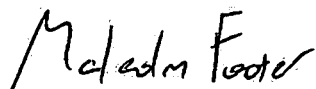
Auditor's responsibilities

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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



.....
Malcolm Footer
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
United Kingdom
E14 5GL

23 February 2024

Lendlease Consulting (Europe) Limited

Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2023

	Note	2023 £ 000	2022 £ 000
Revenue	4	3,120	3,451
Cost of sales		(2,651)	(2,910)
Gross profit		469	541
Administrative expenses		(2,565)	(2,619)
Results from operating activities		(2,096)	(2,078)
Finance costs	6	(557)	(358)
Loss before tax		(2,653)	(2,436)
Income tax credit	9	478	609
Loss after tax		(2,175)	(1,827)

The above results were derived from continuing operations.

The notes to and forming part of these financial statements are set out on pages 15 to 28.

Lendlease Consulting (Europe) Limited

Statement of Financial Position as at 30 June 2023

	Note	2023 £ 000	2022 £ 000
Non current assets			
Deferred tax assets	9	386	659
Total non current assets		386	659
Current assets			
Cash and cash equivalents		3,461	12,560
Trade and other receivables	10	1,140	2,824
Construction contract assets	11	572	630
Current tax assets		544	-
Total current assets		5,717	16,014
Total assets		6,103	16,673
Current liabilities			
Trade and other payables	12	(15,539)	(23,934)
Total current liabilities		(15,539)	(23,934)
Net liabilities		(9,436)	(7,261)
Equity			
Retained earnings		(9,436)	(7,261)
Total equity		(9,436)	(7,261)

The notes to and forming part of these financial statements are set out on pages 15 to 28.

These statements were approved by the Board on 23 February 2024 and were signed on its behalf by:



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T Gillibrand

Director

Company Registration Number: 03826968

Lendlease Consulting (Europe) Limited

Statement of Changes in Equity for the year ended 30 June 2023

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2022	-	(7,261)	(7,261)
Total comprehensive income			
Loss for the year	-	(2,175)	(2,175)
Total comprehensive income	-	(2,175)	(2,175)
At 30 June 2023	-	(9,436)	(9,436)

The notes to and forming part of these financial statements are set out on pages 15 to 28.

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2021	-	(5,434)	(5,434)
Total comprehensive income			
Loss for the year	-	(1,827)	(1,827)
Total comprehensive income	-	(1,827)	(1,827)
At 30 June 2022	-	(7,261)	(7,261)

Lendlease Consulting (Europe) Limited

Notes to the Financial Statements for the year ended 30 June 2023

1 General information

Lendlease Consulting (Europe) Limited (the "Company") is a private company limited by share capital incorporated and domiciled in United Kingdom. The company registration number is 03826968.

The address of its registered office is:

5 Merchant Square

Level 9

London

W2 1BQ

United Kingdom

Principal activity

The principal activity is to provide a range of project management and construction consultancy services.

2 Basis of preparation

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("UK-Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken."

In the financial statements, the Company has taken advantage of the following disclosure exemptions available under FRS 101:

- IAS 7: Preparing a cash flow statement and related notes;
- IAS 8: The listing of new or revised standards that have not been adopted (and information about the likely impact);
- IFRS 7: Financial instruments and financial risk disclosures;
- IAS 1: Disclosures in respect of capital management;
- IFRS 13: Fair value measurement disclosures;
- IAS 24: Disclosure of related party transactions entered into between members of the group, providing that any subsidiaries party to the transaction are wholly owned;
- IAS 24: Disclosure of compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity.
- IFRS 5: Disclosures required for Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations.

Lendlease Consulting (Europe) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

2 Basis of preparation (continued)

As the consolidated financial statements of Lendlease Europe Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

IFRS 2 Share Based Payments in respect of group settled share based payments;
Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Amounts are presented in pounds sterling, with all values rounded to the nearest thousand pounds unless otherwise indicated.

These financial statements are the separate financial statements of Lendlease Consulting (Europe) Limited. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements as it and its subsidiary undertakings are included by full consolidation in the IFRS compliance consolidated financial statements of the parent, Lendlease Europe Holdings Limited. Refer to note 14 to obtain Lendlease Europe Holdings Limited's financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Summary of significant accounting policies and key accounting estimates

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

Changes in accounting policy

New and Revised Accounting Standards Adopted 1 July 2022

The following accounting standards, interpretations and amendments have been adopted by the Company in the year ended 30 June 23:

Amendments to the following standards:

- IAS 37: Onerous Contracts-Cost of Fulfilling a Contract (effective date 1 January 2022)
- Amendments to References to the Conceptual Framework in IFRS 3 (effective date 1 January 2022)
- IAS 16: Property, Plant and Equipment-Proceeds before Intended Use (effective date 1 January 2022)
- Annual Improvements to IFRS Standards 2018-2022 (effective date 1 January 2022)

These amended standards did not have a material effect on the Company.

Lendlease Consulting (Europe) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

2 Basis of preparation (continued)

New Accounting Standards and Interpretations Not Yet Adopted

The following UK-adopted IFRSs have been issued but have not been applied in these financial statements at 30 June 2023. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 17 Insurance Contracts (effective date 1 January 2023)

Amendments to the following standards:

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective date 1 January 2024)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates (effective date 1 January 2023)
- IAS 12 Income Taxes - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective date 1 January 2023)
- IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2 Making Materiality Judgements (effective date 1 January 2023)
- IFRS 16 - Leases on sale and leaseback (effective date 1 January 2024)
- IAS 1 - Non-current liabilities with covenants (effective date 1 January 2024)
- IAS 7 and IFRS 7 on Supplier finance arrangements (effective date 1 January 2024)

The Directors do not expect the standards above to have a material effect. The Company has chosen not to adopt any of the above standards and interpretations earlier than required

None of the standards, interpretations and amendments which are effective for periods beginning after 1 July 2022 and which have not been adopted early, are expected to have a material effect on the financial statements.

Lendlease Consulting (Europe) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

2 Basis of preparation (continued)

Going concern

Notwithstanding net current liabilities of £9,822k as at 30 June 2023 and a loss for the year then ended of £2,175k the financial statements have been prepared on a going concern basis which the directors consider to be appropriate.

The directors have considered the cash requirements of the Company for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, that the Company is dependent for its working capital on funds provided to it by Lendlease Europe Holdings Limited "LLEH" the Company's ultimate UK parent entity.

LLEH has indicated its intention to continue to make available financial support for at least twelve months from the signing date of these financial statements, or earlier, to such period when either LLEH or the Company ceases to be part of the group headed by LLEH, to enable the Company to trade, and not to call for settlement of amounts owing to LLEH where to do so would place the Company in an insolvent position. LLEH itself has been provided with a letter of support from Lendlease International Pty Limited which accepts responsibility of providing and undertakes to provide, sufficient financial assistance to LLEH, as and when it is required, to enable LLEH to continue its operations and fulfil all of its financial obligations. This support covers a period of at least 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors of the Company acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Directors have considered the liquidity and cash flows of the Company going forward, in particular adverse effects that could rise due to the ongoing economic conditions, and have deemed that due to the support available from Group undertakings, they believe that the Company is well placed to managed its financing and future commitments over a period of at least 12 months from the date of the financial statements.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements that comply with IFRS requires management to make judgements, estimates and assumptions which can affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis and revisions are recognised prospectively. Accounting judgements that have the most significant effects on reported amounts and further information about estimated uncertainties are highlighted in the relevant accounting policy in note 3.

Lendlease Consulting (Europe) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

3 Accounting policies

Revenue recognition

Provision of services

Construction services include project management, design and construction services predominantly in the infrastructure, defence, mixed use, commercial and residential sectors.

Contracts with customers to provide Construction services can include either one performance obligation or multiple integrated performance obligations within each contract. The Company assesses each of its contracts individually and where there are separate performance obligations identified, the transaction price is allocated based on the relative stand-alone selling prices of the services provided.

A provision for loss making contracts is recorded for the difference between the expected costs of fulfilling a contract and the expected remaining economic benefits to be received where the forecast remaining costs exceed the forecast remaining benefits.

Construction contracts

Work in progress is presented as a construction contract asset for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings and recognised losses exceed costs incurred plus recognised profits, then the difference is presented as a construction contract liability.

The gross amount of work in progress consists of costs attributable to work performed, including recoverable pre contract and project bidding costs and emerging profit after providing for any foreseeable losses. In applying the accounting policy on providing for these losses accounting judgement is required.

Employee benefits

Employee benefits are expensed as the related service by the employee is provided and includes both equity and cash based payment transactions. Employee benefits are recognised in the Statement of Profit or Loss net of recoveries.

Incentive plans

For cash bonuses, the Company recognises an accrued liability for the amount expected to be paid. This is based on formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments.

Defined benefit pension obligation

The Company participates in a group pension scheme providing benefits based on final pensionable pay. A defined benefit plan is a pension plan that defines the amount of pension benefit an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by IAS 19 'Employee Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period.

Full disclosure of the pension accounting in the Lend Lease UK Pension Scheme is provided in the financial statement of the immediate parent company, Lendlease Construction Holdings (Europe) Limited.

Lendlease Consulting (Europe) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

3 Accounting policies (continued)

Impairment

The carrying amounts of the Company's assets, subject to impairment tests, are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The calculation of this recoverable amount is dependent on the type of asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss unless an asset has been previously revalued through reserves.

Impairment losses on assets can be reversed when there is a subsequent increase in the recoverable amount. The increase could be due to a specific event, the indication that impairment may no longer exist or if there is a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Finance income and costs

Finance costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of costs incurred in connection with the arrangement of new borrowings facilities. Costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings. Finance costs are expensed immediately as incurred unless they relate to acquisition and development of qualifying assets. Qualifying assets are assets that take more than six months to prepare for their intended use or sale. Finance costs related to qualifying assets are capitalised.

Interest receivable and interest payable is recognised in the Statement of Profit or Loss as it accrues, using the effective interest method.

Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income for the financial year, using applicable tax rates (and tax laws) at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous financial years. The current tax payable or receivable includes amounts awaiting settlement of group relief with other Lendlease Europe Holdings Limited subsidiary entities.

Lendlease Consulting (Europe) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

3 Accounting policies (continued)

Deferred tax is the expected tax payable or receivable in future periods as a result of past transactions or events and is calculated by comparing the accounting balance sheet to the tax balance sheet. Temporary differences are provided for any differences in the carrying amounts of assets and liabilities between the accounting and tax balance sheets. Temporary differences are not provided for on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they are not likely to reverse in the foreseeable future.

Measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using applicable tax rates and laws at the reporting date.

Recognition of deferred tax assets is only to the extent it is probable that future taxable profits will be available so the related tax asset will be realised. Deferred tax assets may include deductible temporary differences, unused tax losses and unused tax credits.

Management considers the estimation of future taxable profits to be an area of estimation uncertainty as a change in any of the assumptions used in budgeting and forecasting would have an impact on the future profitability of the Company. Forecasts and budgets form the basis of future profitability to support the carrying value of deferred tax assets.

Presentation of deferred tax assets and liabilities can be offset if there is a legally enforceable right to offset current tax liabilities and assets, they relate to income taxes levied by the same tax authority, and they are intended to be settled on a net basis or realised simultaneously.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, bank overdrafts and other short term highly liquid investments that are readily convertible to known amounts of cash within three months and which are subject to an insignificant risk of changes in value. Bank overdrafts (if applicable) are shown as a current liability on the Statement of Financial Position.

Trade and other receivables

Trade and other receivables are non derivative financial assets with fixed or determinable payments that are not equity securities. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable.

Trade and other receivables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash receipts over the term of the receivables. Cash flows relating to short term trade and other receivables are not discounted if the effect of discounting is immaterial. The discount, if material, is then recognised as finance income over the remaining term.

The Company assesses provision for impairment of the receivables based on irrecoverable amounts and expected credit losses, if material. The Company considers reasonable and supportable information that is relevant and reliable. This includes both quantitative and qualitative information and analysis, based on the Company's historical impairment experience, credit assessment of customers and any relevant forward-looking information. The amount of provision is recognised in the Statement of Profit or Loss.

Retentions receivable on construction contracts represent deposits held by the Company until the satisfaction of conditions specified in the contract are rectified.

Trade and other payables

Lendlease Consulting (Europe) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

3 Accounting policies (continued)

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Trade and other payables are settled in the normal course of business. Trade and other payables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash outflows over the term of the trade and other payables. Cash flows relating to short term trade and other payables are not discounted if the effect of discounting is immaterial. The discount, if material, is then recognised as a finance cost over the remaining term.

Retentions

Retentions are amounts payable for the purpose of security and for the provision of defects in accordance with contract terms. Release of retention amounts are in accordance with contractual terms.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

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

4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2023 £ 000	2022 £ 000
Provision of services	3,120	3,451
Total revenue	3,120	3,451

5 Auditor's remuneration

	2023 £ 000	2022 £ 000
Audit of financial statements	(11)	(8)

The auditor's remuneration has been borne by a fellow group undertaking.

6 Finance income and costs

	2023 £ 000	2022 £ 000
Finance costs		
Interest payable to related parties	(557)	(358)

Lendlease Consulting (Europe) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

7 Staff costs

Payroll costs of £3,128k were recharged from Lendlease Construction (Europe) Limited during the year. In the prior year, £3,218k of payroll costs were incurred by the entity.

8 Directors' remuneration

The directors of the Company were all directly employed by Lendlease Construction (Europe) Limited however for the below directors their costs were recharged to the following entities:

S Gorski: Lendlease Construction (Europe) Limited

J Losyk: Lendlease Construction (Europe) Limited and Lendlease Residential Asset Management Services (Europe) Limited

T Gillibrand : Lendlease Construction (Europe) Limited

Any qualifying services in respect of the Company are considered to be incidental and part of the directors' overall management services within the above entities. Their remuneration for the current year and prior year was paid by and included in the financial statements of the above entities.

9 Taxation

Tax credited in the Statement of Profit or Loss

	2023 £ 000	2022 £ 000
Current tax		
Current year	544	-
Adjustments for prior years	207	423
Total current tax	751	423
Deferred tax		
Origination and reversal of temporary differences	-	609
Adjustments for prior years	(273)	(423)
Total deferred tax	(273)	186
Total income tax credit	478	609

The credit for the year can be reconciled to the result per the statement of profit or loss as follows:

Lendlease Consulting (Europe) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

9 Taxation (continued)

	2023 £ 000	2022 £ 000
Loss before tax	<u>(2,653)</u>	<u>(2,436)</u>
Tax on profit at standard UK tax rate of 20.5% (2022: 19%)	544	463
Adjustments in respect of prior years	(66)	-
Impact of current year rate differential	<u>-</u>	<u>146</u>
Total income tax credit	<u>478</u>	<u>609</u>

Budget 2021 announced an increase to the main rate of UK corporation tax from 19% to 25%. This was substantively enacted on 24 May 2021 and was effective from 1 April 2023.

Lendlease Consulting (Europe) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

9 Taxation (continued)

Residential Property Developer Tax (RPDT)

The Residential Property Developer Tax (RPDT), introduced by Finance Act 2022, applies from 1 April 2022 at a rate of 4% to profits arising from residential property developer activities, in excess of an annual £25 million group allowance. The company, as a member of a Group participating in residential property developer activities, anticipates no charge in relation to RPDT for the period ending 30 June 2023 (2022: nil).

Deferred tax

Deferred tax assets and (liabilities) are attributable to the following:

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2023			
Property, plant and equipment	50	-	50
Loans and borrowings	90	-	90
Unused tax losses recognised	246	-	246
	<u>386</u>	<u>-</u>	<u>386</u>

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2022			
Property, plant and equipment	50	-	50
Loans and borrowings	90	-	90
Unused tax losses recognised	519	-	519
	<u>659</u>	<u>-</u>	<u>659</u>

Deferred tax movement during the year:

	At 1 July 2022 £ 000	Recognised in income £ 000	At 30 June 2023 £ 000
Property, plant and equipment	50	-	50
Loans and borrowings	90	-	90
Unused tax losses recognised	519	(273)	246
	<u>659</u>	<u>(273)</u>	<u>386</u>

Lendlease Consulting (Europe) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

9 Taxation (continued)

Deferred tax movement during the prior year:

	At 1 July 2021 £ 000	Recognised in income £ 000	At 30 June 2022 £ 000
Property, plant and equipment	50	-	50
Loans and borrowings	-	90	90
Unused tax losses recognised	424	95	519
	<u>474</u>	<u>185</u>	<u>659</u>

Budget 2021 announced an increase to the main rate of UK corporation tax from 19% to 25%. This was substantively enacted on 24 May 2021 and was effective from 1 April 2023. This future change to the rate of UK corporation tax has been incorporated into the valuation of deferred tax balances recognised in the statement of financial position.

10 Trade and other receivables

	2023 £ 000	2022 £ 000
Current		
Trade receivables	1,128	2,765
Receivables from related parties	12	59
	<u>1,140</u>	<u>2,824</u>

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which an allowance for impairment has not been recognised because there has not been a significant change in credit quality and the amounts are still considered to be recoverable. 'Past due' is defined under accounting standards to mean any amount outstanding for one or more days after the contractual due date.

Age of trade receivables that are past due but not impaired

	2023 £ 000	2022 £ 000
1 - 90 days	778	2,164
More than 90 days	314	50
Total trade receivables past due but not impaired	<u>1,092</u>	<u>2,214</u>

11 Construction contracts in progress

	2023 £ 000	2022 £ 000
Amounts due from customers for contract work	572	630
Total construction contracts in progress	<u>572</u>	<u>630</u>

The opening and closing balances of trade receivables, contract assets and contract liabilities from contracts with customers are disclosed in notes 10, 11 & 12.

Lendlease Consulting (Europe) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

11 Construction contracts in progress (continued)

Progress billings are issued and settled on a monthly basis for work performed. This is standard practice within the industry, and does not always correlate perfectly to the satisfaction of performance obligations. The difference between revenue recognised and progress billings (inclusive of any client advances) is accounted for as a contract asset. When billings are in excess of revenue recognised, a contract liability is recognised.

12 Trade and other payables

	Note	2023 £ 000	2022 £ 000
Current			
Trade payables		(46)	(13)
Amounts due to related parties		(14,757)	(22,663)
Construction contract liabilities		(142)	(23)
Accrued expenses		(444)	(448)
Social security and other taxes		(150)	(787)
Current trade and other payables		(15,539)	(23,934)

13 Issued Capital

Allotted, called up and fully paid shares

	2023	£	2022	£
	No.		No.	
Ordinary Shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The holders of ordinary shares have the right to receive declared dividends from the Company and are entitled to one vote per share at meetings of the Company.

14 Parent and ultimate parent undertaking

The company's immediate parent is Lendlease Construction Holdings (Europe) Limited.

The ultimate parent is Lendlease Corporation Limited.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Lendlease Corporation Limited, incorporated in Australia.

The address of Lendlease Corporation Limited is:

Level 14 Tower Three
International Towers Sydney
Exchange Place
300 Barangaroo Avenue
Barangaroo NSW 2000

The consolidated financial statements of that group may be obtained from www.lendlease.com.

Lendlease Consulting (Europe) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

14 Parent and ultimate parent undertaking (continued)

The parent of the smallest group in which these financial statements are consolidated is Lendlease Europe Holdings Limited, incorporated in England and Wales.

The address of Lendlease Europe Holdings Limited is:

5 Merchant Square

Level 9

London

W2 1BQ

United Kingdom

The consolidated financial statements of that group may be obtained from:

The Registrar of Companies

Companies House

Crown Way

Maindy, Cardiff.

15 Subsequent events

There has been no event or circumstance since the balance sheet date that would significantly affect the Company.