Lend Lease Infrastructure Holdings (EMEA) Limited

Registered number 5804271

Directors' Report and Financial Statements

Year ended 30 June 2013

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Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 30 June 2013

Principal activities

The principal activity of the Company is to act as a holding company for Lend Lease's Infrastructure Development business in the UK, and to hold investments in the group's Public Private Partnership (PPP) activities

The Company is a limited liability company incorporated and domiciled in the United Kingdom The address of its registered office is 20 Triton Street, Regent's Place, London, NW1 3BF

These financial statements were authorised for issue by the Board of Directors on 05 December 2013

Business review and future developments

During the year the Company injected a further cash investment of £6,188,000 in the Lancashire Waste project in order to fund ongoing capital commitments

The Lancashire Waste project has been subjected to various technical and operational challenges The challenges encountered include a) Odour abatement performance concerns b) Incoming waste feedstock and waste composition variances from design c) Contractual liabilities

The Company, in conjunction with their joint venture partner, are in the process of instigating a series of additional project works to address these performance issues which involve major infrastructure and process modifications to both facilities

The Company completed the sale of its investment in Birmingham Schools Phase 1a & 1b and achieved an overall sales price of £10,556,000 after selling costs The sale of the investments is set out in "Note 4 Other Income" The sale of the assets is in line with the Company's strategy of recycling its capital in order to continue investment in new projects

The Company will continue to act as a holding company for the Infrastructure Development business and will provide the equity required under the existing PFI/PPP agreements No further bidding is expected to take place in the Infrastructure Development business

The Company's activities expose it to financial risks in the form of market risk including foreign exchange risk, price and credit risk These risks have been addressed and mitigated as set out in "Note 20 Financial Risk Management "

Results and dividends

The results of the Company for the year are set out in the income statement on page 6 The results and the position of the Company at the year end are in line with the expectations of the Directors

The Directors do not recommend a final dividend for the year (2012 £nil) and an interim dividend of £67,000,000 was paid during the year (2012 £nil)

Directors' Report (continued)

Directors and Directors' interests

The Directors who held office during the year were as follows

N Johnson

L Gledhill

N Martin

H Miller (resigned 31 January 2013)

B O'Rourke (appointed 31 January 2013)

Subsequent to the year-end, N Martin & L Gledhill resigned as directors on 20 September 2013 S Fraser was appointed as a director on 20 September 2013

None of the Directors who held office at the end of the financial period had any disclosable interest in group undertakings as recorded in the register of Directors' interests

Creditor Payment Policy

The Company's policy is to pay suppliers in accordance with terms and conditions agreed when orders are placed Where payment terms have not been specifically agreed, then the invoices received each calendar month are paid close to the end of the following month This policy is understood by the purchasing and financing departments The Company has procedures for dealing promptly with complaints and disputes The Company had no outstanding payables to external suppliers at the Balance Sheet date

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditor

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

By order of the board

N Johnson
Director
05 December 2013

20 Triton Street
Regent's Place
London
NW1 3BF

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law

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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Independent Auditor's Report to the Members of Lend Lease Infrastructure Holdings (EMEA) Limited

We have audited the financial statements of Lend Lease Infrastructure Holdings (EMEA) Limited ("the Company"), for the year ended 30 June 2013 set out on pages 6 to 21 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of accounts is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at year ended 30 June 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent Auditor's Report to the Members of Lend Lease Infrastructure Holdings (EMEA) Limited (continued)

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
- 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

W Meredith

William Meredith (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

5 December 2013

Statement of Comprehensive Income for the year ended 30 June 2013

	Note	2013 £'000	2012 £'000
Revenue			
Dividend income from shares in joint ventures	1,3	**71**	306
Interest income from loans to joint ventures	1,3	**6,020**	7,728
Other Income from joint ventures	1,3	**(16)**	82
Gross Profit		**6,075**	8,116
Other Income	4	**4,582**	18,842
Other Provisions		**(14,332)**	(2,030)
Other Expenses	5	**(2,836)**	(3,541)
Operating (Loss)/Profit	5	**(6,511)**	21,387
Finance Income		**2,367**	1,535
(Loss)/Profit before income tax		**(4,144)**	22,922
Income Tax Expense	8	**(2,360)**	(4,603)
(Loss)/Profit for the year		**(6,504)**	18,319

There is no material difference between the result disclosed in the income statement and the result given on an unmodified historical cost basis

The notes to and forming part of these financial statements are set out on pages 10 to 21

Statement of Financial Position as at 30 June 2013

	Note	2013 £'000	2012 £'000
Assets			
Non current assets			
Investments in subsidiary and joint ventures	9	**6,604**	17,397
Loans and other receivables	10	**50,386**	46,813
Deferred tax assets	9c	-	633
		56,990	64,843
Current assets			
Trade and other receivables	11	**98,172**	101,407
Cash and cash equivalents	12	**1,414**	1,306
		99,586	102,713
Total Assets		**156,576**	167,556
Current liabilities			
Trade and other payables	13	**(78,639)**	(15,565)
Provisions	14	**(9,800)**	(10,350)
		(88,439)	(25,915)
Total Liabilities		**(88,439)**	(25,915)
Net Assets		**68,137**	141,641
Capital and Reserves			
Ordinary shares	15	**42,773**	42,773
Retained earnings	16	**25,364**	98,868
Total Equity		**68,137**	141,641

The notes on pages 10 to 21 are an integral part of these financial statements

The financial statements were authorised for issue by the board of Directors on 05 December 2013 and were signed on its behalf

N Johnson
Director

Cash Flow Statement
for the year ended 30 June 2013

	Note	2013 £'000	2012 £'000
Cash flows from operating activities			
Cash generated from operations	17	**(5,839)**	1,310
Net cash generated from operating activities		**(5,839)**	1,310
Cash flows from investing activities			
Acquisition of equity investments in joint ventures	10	**(6,188)**	(3,093)
Disposal of equity investments in joint ventures	4	**10,619**	45,252
Acquisition and injection of loan stock in joint ventures		**(2,870)**	-
Loan stock repayments received from associates	21	**840**	100
Loans granted to related parties		**(14,812)**	(46,000)
Loans repayments from related parties	21	**18,358**	920
Net cash generated from investing activities		**5,947**	(2,821)
Net increase / (decrease) in cash and cash equivalents		**108**	(1,511)
Cash and cash equivalents at beginning of year		**1,306**	2,817
Cash and cash equivalents at end of year	12	**1,414**	1,306

The notes on pages 10 to 21 are an integral part of these financial statements

Statement of Recognised Income and Expense for the year ended 30 June 2013

	Ordinary Share Capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2011	42,773	80,549	123,322
Profit for the year	-	18,319	18,319
Balance at 30 June 2012	42,773	98,868	**141,641**
Interim dividend paid	-	(67,000)	(67,000)
Loss for the year	-	(6,504)	(6,504)
Balance at 30 June 2013	**42,773**	**25,364**	**68,137**

The notes on pages 10 to 21 are an integral part of these financial statements

Notes to the Financial Statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below These policies have been consistently applied to all the years presented, unless otherwise stated

1 1 *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

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

The Company is not required to prepare consolidated financial statements under section 400 of the Companies Act 2006 and IAS 27 – "Presentation of Consolidated Financial Statements" as it is a subsidiary of another entity that prepares consolidated financial statements As such, the results presented here are for the Company as an individual undertaking and not of its Group

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

1.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the ordinary course of business

a) *Interest income*

Interest income is recognised on a time proportionate basis using the effective interest method

b) *Dividend income*

Dividend income is recognised when the right to receive payment is established

c) *Other Income*

Other income is recognised when the right to receive payment is established

1.3 Investments

Equity investments in subsidiaries, joint ventures and associated undertakings are stated at cost less impairment Adjustments are made to the carrying value to reflect the net realisable value of the investment where these are lower than cost Management conduct impairment reviews annually

1.4 Financial Assets

Classification

The Company classifies its financial assets in the following categories at fair value through profit or loss, loans and receivables, and available-for-sale The classification depends on the purpose for which the financial assets were acquired Management determines the classification of its financial assets at initial recognition

Recognition and measurement

Loan stock investments are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment

Notes to the Financial Statements (continued)

1.5 Trade payables

Trade payables are recognised at fair value and comprise amounts payable to group undertakings Group tax relief payable is recognised only where there are sufficient gains across the group to utilise the loss relief

1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank Bank overdrafts are shown within borrowings in current liabilities on the balance sheet

1.7 Foreign currency translation

Transactions in currencies other than the entity's functional currency (foreign currencies) are initially recorded at the rates of exchange prevailing on the date of the transaction At each subsequent balance sheet date assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period Foreign exchange differences are taken to the income statement in the period in which they arise All exchange differences arising are dealt with in the income statement

1.8 Current and deferred income tax

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date Temporary differences are differences between the tax base assets and liabilities and their carrying amounts in the financial statements Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on tax rates and laws that have been enacted or subsequently enacted by the balance sheet date Deferred tax assets are not recognised to the extent that the transfer of economic benefits in future is uncertain Deferred tax assets and liabilities recognised have not been discounted

1 9 Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation usinga 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

1.10 Finance Costs

Finance expenses comprise interest expense on borrowings Interest expense is calculated based on the terms of the loan agreements and recognised as incurred

Notes to the Financial Statements (continued)

1.16 Impact of new/revised accounting standards

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

• IFRS 9 'Financial Instruments' – New standard on accounting for financial instruments which will replace IAS 39 The standard will address the classification, measurement and derecognition of financial assets and liabilities

• IFRS 10 'Consolidated Financial Statements' introduces a new definition of control and addresses whether an entity should be included within the consolidated financial statements of the parent company

• IFRS 11 'Joint Arrangements' establishes principles for financial reporting by parties to a joint arrangement

• IFRS 12 – 'Disclosure of Interests in Other Entities' relates to disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities

• IFRS 13 – 'Fair Value Measurements' introduces new guidance on fair value measurement and disclosure requirements when fair value is permitted by accounting standards

• The amendments to IAS 19 'Employee Benefits' (endorsed 5 June 2012) introduce changes to the accounting for and presentation of pensions and other post-employment benefits

2. Critical accounting estimates and judgements

The preparation of financial statements under IFRS requires management to make estimates and assumptions that affect amounts recognised for assets and liabilities at the balance sheet date and the amounts of revenue and expenses incurred during the reporting period Actual outcomes may therefore differ from these estimates and assumptions

3. Segment Information

The Company is a parent undertaking in the United Kingdom All of its investments relate to operations located in the United Kingdom, and accordingly all of its results are in that one segment

4. Other Income

Other income of £4,582,453 relates to the profit made on sale of the following investments

	Date of sale	Consideration £'000	Profit on sale £'000
Birmingham Schools Phase 1A	24-Jun-13	6,533	3,172
Birmingham Schools Phase 1B	24-Jun-13	4,525	1,912
		11,058	5,084
Sales Cost		(502)	(502)
Total for the year		10,556	4,582

Notes to the Financial Statements (continued)

5 Operating profit

An indemnity loss of £1,898,816 (2012 £3,136,678) was recognised for operating losses incurred on Global Renewables Lancashire Waste Further to this an impairment charge was recognised against the investment in Global Renewables Lancashire Waste of £15,042,134 (2012 £nil)

Auditor's remuneration of £34,000 has been borne directly by the Company The prior year Auditor's remuneration (2012 £18,000) was been borne by the Company's subsidiary undertaking

6 Remuneration of Directors

The Directors did not receive any remuneration from the Company for their services during the year (2012 £nil)

7 Staff Numbers and Costs

The Company has nil (2012 nil) staff members

8 Tax On Profit On Ordinary Activities

a) Analysis Of Charge In The Year

	2013	2012
Current Tax Expense	**£'000**	**£'000**
Current tax on profits for the year	**1,727**	3,913
Adjustments in respect of prior years		1,323
	1,727	5,236
Deferred tax		
Adjustments in respect of prior years	**570**	
Origination and reversal of timing differences	**38**	(673)
Effect of change in tax rates	**25**	40
	633	(633)
Total Income Tax Expense	**2,360**	4,603

b) Factors Affecting Tax Charge For Period

The tax assessed differs from the application of the standard rate of corporation tax in the UK (rate of 23 75% effective during the year (2012 25 5%)) to the Company's accounting (loss)/profit before taxation for the following reasons

	2013	2012
(Loss)/Profit on ordinary activities before tax	**(4,144)**	22,922
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23 75% (2012 25 5%)	**(984)**	5,845
Tax effects of		
- Income not subject to tax	**(1,105)**	(4,538)
- Expenses not deductible for tax purposes	**3,855**	1,933
- Effect of change in tax rate	**25**	40
- Adjustments in respect of previous periods	**570**	
Total tax charge for the year	**2,360**	3,280

Notes to the Financial Statements (continued)

	2013	2012
	£'000	£'000

8 c) **Deferred Tax Assets**

Recognised deferred tax assets
Deferred tax assets are attributable to the following

	2013 £'000	2012 £'000
Provisions	-	633
	-	**633**

Movement in deferred tax during the year

	01 July 2012 £'000	Prior Year £'000	Recognised in income £'000	Rate Change £'000	30 June 2013 £'000
Provisions	633	(570)	(38)	(25)	-
	633	**(570)**	**(38)**	**(25)**	**-**

d) **Factors that may affect future tax charges**
The 2013 Budget on 23 March 2013 announced that the UK corporation tax rate will reduce to 20% by 2015 A reduction in the rate to 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012, and further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013 This will reduce the company's future current tax charge accordingly and future reduce the deferred tax asset at 30 June 2013

9. **Investments**

	Cash Investment £'000	Shares in joint ventures £'000	Total £'000
Cost			
At beginning of year	16,754	3,780	20,534
Additions	6,188	-	6,188
Disposals	-	(41)	(41)
At end of the year	**22,942**	**3,739**	**26,681**
Provisions / amortisation			
At beginning of year	**(3,137)**	-	(3,137)
Provision made during the year	(16,940)	-	(16,940)
At end of the year	**(20,077)**	-	**(20,077)**
Net book value			
At 30 June 2013	**2,865**	**3,739**	**6,604**
At 30 June 2012	**13,617**	**3,780**	**17,397**

Following the annual impairment review for the year ended 30 June 2013, management concluded that the Global Renewables Lancashire Waste investment should be provided for, with the impairment charge being recognised in the Statement of Comprehensive income

Notes to the Financial Statements (continued)

9 Investments (continued)

The principal companies in which the Company's interest is more than 10% are as follows

	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held
Subsidiary			
Lend Lease Infrastructure (EMEA) Limited	England and Wales	PFI holding company	100%
Birmingham Schools PSP LEP Limited	England and Wales	PFI holding company	100%
EP3 Holdings Limited	England and Wales	PFI holding company	100%
Joint ventures			
Global Renewables Lancashire Holdings Limited	England and Wales	PFI holding company	50%
Catalyst Healthcare (UK) Limited	England and Wales	Dormant	33%
Catalyst Healthcare Limited	England and Wales	Dormant	33%

In the financial year the following investments were sold to the Lend Lease PFI/PPP Infrastructure Fund

Birmingham Schools PSP Phase 1A Limited	England and Wales	PFI holding company	100%
Birmingham Schools PSP Phase 1B Limited	England and Wales	PFI holding company	100%

In the opinion of the Directors the investments in and amounts due from the Company's subsidiary and joint ventures are worth at least the amounts at which they are stated in the balance sheet

Notes to the Financial Statements (continued)

		2013	2012
		£'000	£'000
10	**Non current loans and other receivables**		
	Loans to related parties (note 19d)	**39,521**	31,205
	Accrued interest on loans to related parties (note 19d)	**10,865**	15,608
		50,386	46,813

Loans to related parties represent long term loan investments in joint ventures (note 19)

11.	**Trade and other receivables**		
	Other debtors	-	40
	Accrued interest income from related parties (note 19d)	**17**	124
	Loans to related parties (note 19e)	**98,155**	101,243
		98,172	101,407

The ageing of accrued interest income at the reporting date was

Not past due	**17**	124
	17	124

The Directors believe that no impairment allowance is necessary in respect of trade receivables

12.	**Cash and cash equivalents**		
	Cash at bank and on hand	**1,414**	1,306
		1,414	1,306
13.	**Trade and other payables**		
	Amounts payable to group undertakings	**78,403**	14,426
	Other creditors	**236**	1,139
		78,639	15,565

Details of interest and repayment terms attached to these amounts are provided in note 19

14.	**Provisions**		
	Current Provisions	**9,800**	10,350
		9,800	10,350

Current provision is a £9,800,000 indemnity provision for operating losses incurred on Global Renewables Lancashire Waste for odour deductions and financing costs

Notes to the Financial Statements (continued)

	2013	2012
	£'000	£'000

15. Ordinary Share Capital

Authorised Share Capital

The authorised share capital is £50,000,000 consisting of 50,000,000 Ordinary Shares of £1 each

Allotted, called up and fully paid 42,772,560 (2012 42,772,560) ordinary shares of £1 each	**42,773**	42,773

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company
Subequent to the year ending 30 June 2013, the Directors reduced the share capital by £32,772,560 to £10,000,000 in July 2013

16. Reserves

Retained Earnings		
At beginning of year	**98,868**	80,549
Interim dividend	**(67,000)**	
(Loss)/Profit for the year	**(6,504)**	18,319
At the end of the year	**25,364**	98,868

17 Cash Flows From Operating Activities

Cash flows from operating activities		
Net profit	**(6,504)**	18,319
Adjustments for		
- Tax charge	**2,360**	4,603
- Sale of joint venture	**(4,582)**	(18,842)
- Interest received	**(2,367)**	(1,517)
- Indexation and other non-cash	**-**	2,813
Changes in working capital		
Increase in amounts due from related parties	**(5,152)**	(2,845)
Decrease in prepayments and accrued income	**14,332**	2,030
Decrease in other payables	**(3,926)**	(3,251)
Cash generated from operating activities	**(5,839)**	1,310

18. Commitments

As at 30 June 2013, the Company was contractually committed to pay £nil (2012 £2,612,250)

investments		
- Birmingham Schools PSP Phase 1B Ltd	**-**	2,612
Total commitments	**-**	2,612

19 Related Party Transactions

The following transactions were carried out with related parties

a) Acquisition of interests in subsidiary and joint ventures

During the year the Company injected cash invesment of £6,187,784 (FY12 £7,482,202) into Lancashire Waste as part of it ongoing commitments to fund the project

Notes to the Financial Statements (continued)

	2013	2012
	£'000	£'000

19 Related Party Transactions (continued)

b) Income from joint ventures

Revenue includes income from joint ventures as follows

Dividend income from shares in joint ventures	**71**	306
Interest income from loans to joint ventures	**6,020**	7,728
Other income from joint ventures	**(16)**	82

Interest on loans is earned at effective rates between 9% and 13% per annum

c) Finance costs

Finance costs during the current year represent interest payable on certain

d) Loans to joint ventures

Opening balance	**46,937**	68,999
Loan notes acquired in the year	**2,870**	-
Loan notes disposed in the year	**(5,937)**	(26,333)
Loans advanced during the year	**2,062**	-
Interest charged	**6,020**	7,728
Interest received	**(709)**	(3,681)
Indexation on indexed linked loans	**-**	324
Capital repayments	**(840)**	(100)
Loan Repayments	**(160)**	(920)
Reversal of provision for unrecoverability of loan	**160**	920
At 30 June 2013	**50,403**	46,937

Analysed as		
Non current loans (note 10)	**39,521**	31,205
Accrued interest on loans – Non current (note 10)	**10,865**	15,608
Accrued interest on loans – Current (note 11)	**17**	124
	50,403	46,937

These loans bear effective interest rates between 9% and 13% per annum

	2013	2012
	£'000	£'000
e) Other year-end balances with related parties comprise.		
Amounts payable to group undertakings (note 13)	**78,403**	**14,426**
Amounts receivable from group undertakings (note 11)	**98,155**	**101,243**
Provisions in relation to joint ventures and associates	**(9,800)**	**(9,800)**

Included in amounts receivable from & payable to undertakings are loan receivables of £98,155,325 (2012 £101,243,694) and loan payables of £67,000,000 (2012 £nil) both which bear interest at LIBOR plus margin of 1 5% per annum The remaining amounts payable balance relates to Group Relief payable to associated group companies This liability is recognised only where there are sufficient losses across the group to utilise the loss relief

Notes to the Financial Statements (continued)

20. Financial Risk Management

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

Foreign currency risk
Foreign currency risk is the risk that the value of a financial commitment, a recognised asset or liability will fluctuate due to changes in foreign currency rates

The Company operates predominantly within the UK such that its exposure to currency risk is considered to be minimal with only a small proportion of items both in terms of volume and value transacted in a foreign currency As a result, there are no hedges in place with respect to any potential currency exposure

The Company's material exposure to foreign currency is set out below

The following significant exchange rates applied during the year

	GBP/EUR
2013	1 212
2012	1 258

The Company does not consider that it has material exposure to changes in the exchange rates at the year-end reporting date

Credit risk
Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's trade receivables

The Company has no significant concentrations of credit risk Credit risk is managed by limiting the aggregate exposure to any one individual counterparty, taking into account its credit rating Such counterparty exposures are regularly reviewed and adjusted as necessary The main financial asset that the Company holds is in the form of loan stock and loan stock interest receivable from joint ventures, with fixed payment and redemption terms The Company recognises no impairment to trade receivables or loan receivables

The maximum exposure to credit risk at the balance sheet date on financial assets recognised in the balance sheet equals the carrying amount, net of any impairment

Price risk

The Company does not have significant equity investments or investments in commodities and does not consider itself to be exposed to any significant equity, commodity or other price risk

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or future cash flow associated with the instrument will fluctuate due to changes in the market interest rates The only financial instruments that the Company holds and are subject to interest rate risk are financial assets and liabilities in the form of loans to and from joint ventures Repayment and interest rate terms of the financial liabilities are

Notes to the Financial Statements (continued)

20. Financial Risk Management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due The Company has a loan facility with Lend Lease Europe Finance plc to meet short term financing needs Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations, which fall due bi-annually

The following are the contractual cash flow maturities of financial liabilities as at 30 June 2013

30 June 2013	Carrying Amount	Contractual Cash Flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
	£'000	£'000	£'000	£ 000	£'000	£'000	£'000
Non-derivative							
Trade and other	78,639	78,639	11,639	-	-	67,000	-
Related party loans – non current	-	-	-	-	-	-	-
Total	**78,639**	**78,639**	**11,639**	**-**	**-**	**67,000**	**-**

30 June 2012	Carrying Amount	Contractual Cash Flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non-derivative							
Trade and other	15,565	15,565	15,565	-	-	-	-
Related party loans – non current	-	-	-	-	-	-	-
Total	15,565	15,565	15,565	-	-	-	-

Net fair values of assets and liabilities

All financial instruments recognised on the balance sheet, including those instruments carried at amortised cost, are recognised at amounts that represent a reasonable approximation of fair value

Capital management

When investing capital, the Company's objective is to deliver strong shareholder returns and to continue to generate high levels of liquid assets in line with the Lend Lease Corporation capital management goals

The Company actively manages the working capital on a daily basis with periodic narrative and recommendations prepared for senior management on movements, risk, exceptions and tracking against business targets The Company operates under a strict regime of contract billings and debtor payment cycle to maximise liquidity

There were no changes to the Company's approach to capital management during the year The Company is not subject to externally imposed capital requirements

Notes to the Financial Statements (continued)

21 Ultimate parent undertaking and parent undertaking of larger group of which the Company is a member

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

The largest group in which the results of the Company are consolidated is that headed by Lend Lease Corporation Limited The consolidated financial statements of this group may be obtained from Level 4, 30 The Bond, 30 Hickson Road, Millers Point, New South Wales, Australia 2000 or from its website at www lendlease com au

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