

Lend Lease Infrastructure Holdings (EMEA) Limited

Registered number 5804271

Strategic Report, Directors' Report and
Financial Statements

Year ended 30 June 2015



Strategic Report, Directors' Report and Financial Statements

Contents

	Pages
Strategic Report	1
Directors' Report	2
Statement Of Directors' Responsibilities In Respect of the Strategic Report, Directors' Report & the Financial Statements	3
Independent Auditor's Report to the Members of Lend Lease Infrastructure Holdings (EMEA) Limited	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Shareholder's Equity	7
Cash Flow Statement	8
Notes to the Financial Statements	9-18

Strategic Report

Business review and future developments

At 30 June 2014 the Directors had assessed the carrying value of the investment and related assets and determined that they should be carried at £nil. In July 2014, the Company, in conjunction with their joint venture partner, negotiated an exit scenario from the Lancashire Waste project. There was £nil consideration for the exit and therefore £nil gain or loss recognised in the year ending 30 June 2015.

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 19. Financial Risk Management.

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.

By order of the board.



S Fraser
Director
02 March 2016

20 Triton Street
Regent's Place
London
NW1 3BF

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 30 June 2015.

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 2 March 2016.

Results and dividends

The results of the Company for the year are set out in the statement of comprehensive income on page 5. 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 (2014: £nil) and an interim dividend of £nil was paid during the year (2014: £nil).

Directors and Directors' interests

The Directors who held office during the year were as follows:

N Johnson (resigned 12 November 2015)

B O'Rourke

S Fraser

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.

Disclosure of information to auditor

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

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

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.

By order of the board.



S Fraser
Director
02 March 2016

20 Triton Street
Regent's Place
London
NW1 3BF

Statement Of Directors' Responsibilities In Respect of the Strategic Report, Directors' Report & the Financial Statements

The Directors are responsible for preparing the Strategic Report, 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 2015 set out on pages 5 to 18. 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of its profit 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.

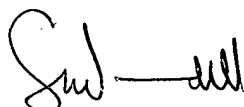
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Stephen Wardell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

7 March 2016

15 Canada Square
Canary Wharf
London
E14 5GL

Statement of Comprehensive Income for the year ended 30 June 2015

	Note	2015 £'000	2014 £'000
Revenue			
Interest income from Loans to Group Companies and Associated Undertakings	18	57	6,496
Gross Profit		57	6,496
Other Income	4	708	3,605
Provision for Loans and Investments in Group Companies and Associated Undertakings		(596)	(63,723)
Movement in Other Provisions		-	9,800
Other Expenses	5, 7	(5,037)	(6,724)
Operating Loss	5	(4,868)	(50,546)
Finance Income		786	1,923
Loss on ordinary activities before taxation		(4,082)	(48,623)
Taxation	8	6,125	4,764
Profit and loss and other comprehensive income for the year		2,043	(43,859)

All activities are continuing.

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

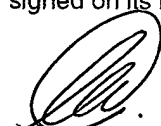
The notes to and forming part of these financial statements are set out on pages 9 to 18.

Statement of Financial Position as at 30 June 2015

	Note	2015 £'000	2014 £'000
Assets			
Non current assets			
Investments in group companies and associated undertakings	9	14	14
Loans and other receivables	10	-	616
		14	630
Current assets			
Trade and other receivables	11	46,572	47,897
Cash and cash equivalents	12	931	1,965
		47,503	49,862
Total Assets		47,517	50,492
Current liabilities			
Trade and other payables	13	(21,196)	(26,214)
		(21,196)	(26,214)
Total Liabilities		(21,196)	(26,214)
Net Assets		26,321	24,278
Capital and Reserves			
Ordinary shares	14	10,000	10,000
Retained earnings	15	16,321	14,278
Total Equity		26,321	24,278

The notes on pages 9 to 18 are an integral part of these financial statements.

The financial statements were authorised for issue by the board of Directors on 2 March 2016 and were signed on its behalf.



S Fraser
Director

Statement of Changes in Shareholder's Equity for the year ended 30 June 2015

	Ordinary Share Capital	Retained earnings	Total equity
	£'000	£'000	£'000
Balance at 1 July 2013	42,773	25,364	68,137
Reduction in ordinary share capital	(32,773)	32,773	-
Loss for the year	-	(43,859)	(43,859)
Balance at 30 June 2014	10,000	14,278	24,278
Profit for the year	-	2,043	2,043
Balance at 30 June 2015	10,000	16,321	26,321

The notes on pages 9 to 18 are an integral part of these financial statements.

Cash Flow Statement for the year ended 30 June 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Cash (used in) / from operations	16	(11,580)	736
Net cash (used in) / from operating activities		(11,580)	736
Cash flows from investing activities			
Acquisition of equity investments in joint ventures	9	-	(500)
Disposal of equity investments in joint ventures		-	1,525
Loan stock repayments received from associates	18	17	24
Loans granted from/(to) related parties		33,529	(78,187)
Loan repayments from/(to) related parties		(23,000)	76,953
Net cash (used in) / from investing activities		10,546	(185)
Net (decrease) / increase in cash and cash equivalents		(1,034)	551
Cash and cash equivalents at beginning of year		1,965	1,414
Cash and cash equivalents at end of year	12	931	1,965

The notes on pages 9 to 18 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 Investment in group companies and associated undertakings

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.

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.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

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 substantively enacted by the balance sheet date. Deferred tax assets are not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

1.9 Provisions

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

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.

1.11 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 2015 and have not been applied in preparing this report. None of these are 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.

Notes to the financial statements (continued)

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 £707,692 relates to an arrangement fee earned on acquiring loan receivable.

Other income of £3,604,544 in 2014 relates to the gain made on acquiring loan receivable of £2,812,236 for £nil consideration and an arrangement fee of £792,308 earned during this transaction.

5. Operating loss

In 2015, costs relating to the exit of Lancashire Waste were recognised including £618,515 for consultancy and £253,489 for unrecoverable tax losses on behalf of Global Renewables: Lancashire Waste.

In 2014, an indemnity loss of £1,075,161 was recognised for operating losses incurred on Global Renewables: Lancashire Waste. Further to this an impairment charge was recognised in 2014 against the investment in Global Renewables: Lancashire Waste of £4,014,485.

Auditor's remuneration of £20,000 (2014: £35,725) has been borne directly by the Company.

6. Remuneration of Directors

	2015 £'000	2014 £'000
Aggregate remuneration	141	729
Recharges in respect of directors' services	141	729

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £107,512 (2014: £536,000).

7. Staff Numbers and Costs

	2015 £'000	2014 £'000
Salaries	368	1,380
Social security costs	26	147
Pension costs	23	110
	417	1,637

All staff working for the company are employed by Lend Lease Construction (EMEA) Limited and seconded to the company at full cost. The average number of employees working for the company during the year was 2 (2014: 9).

Notes to the financial statements (continued)

8. Tax On Profit On Ordinary Activities

a) Analysis Of Charge In The Year

	2015	2014
	£'000	£'000
Current Tax Expense		
Current tax on profits for the year	-	-
Adjustments in respect of prior years	(6,125)	-
	<u>(6,125)</u>	<u>-</u>
Deferred tax		
Amounts payable for group relief surrendered to group companies	-	(4,764)
	<u>-</u>	<u>(4,764)</u>
Total Income Tax (Credit)/Expense	<u><u>(6,125)</u></u>	<u><u>(4,764)</u></u>

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 20.75% effective during the year (2014: 22.5%)) to the Company's accounting loss before taxation for the following reasons:

Loss on ordinary activities before tax	<u>(4,082)</u>	<u>(48,623)</u>
Tax on loss at standard UK tax rate of 20.75%	(847)	(10,940)
Tax effects of:	-	-
- Expenses not deductible	242	90
- Effects of group relief/other reliefs	(1,549)	-
- Allocation of profits from joint venture / associate	2,154	-
- Movement on non taxable provisions	-	(1,060)
- Unrelieved losses carried forward (unrecognised tax asset)	-	7,146
- Prior year unrelieved losses recognised in current year	(7,146)	-
- Adjustments in respect of prior years	<u>1,021</u>	<u>-</u>
Total tax charge for the period	<u><u>(6,125)</u></u>	<u><u>(4,764)</u></u>

c) Factors that may affect future tax charges

The effective rate of taxation will vary as a result of any dividends paid by shareholders, overseas tax rates and the utilisation of tax losses brought forward.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. Accordingly, the company's profits for the accounting period are taxed at an effective rate of 20.75% (2014: 22.5%).

Notes to the financial statements (continued)

9. Investment in group companies and associated undertakings

	Cash Investment £'000	Shares in joint ventures £'000	Total £'000
Cost			
At beginning of year	21,442	3,739	25,181
Additions	-	-	-
At end of the year	<u>21,442</u>	<u>3,739</u>	<u>25,181</u>
Provisions / amortisation			
At beginning of year	(21,442)	(3,725)	(25,167)
Provision made during the year	-	-	-
At end of the year	<u>(21,442)</u>	<u>(3,725)</u>	<u>(25,167)</u>
Net book value			
At 30 June 2015	<u>-</u>	<u>14</u>	<u>14</u>
At 30 June 2014	<u>-</u>	<u>14</u>	<u>14</u>

The Company has interests in the following companies and associated undertakings:

Subsidiary	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held
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%
Waste 2 Resources LLP	England and Wales	Construction joint venture	50%

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

Notes to the financial statements (continued)

10. Non current loans and other receivables	2015	2014
	£'000	£'000
Loans to related parties (note 18d)	-	616
	-	616

Loans to related parties represent long term loan investments in joint ventures (note 18).

11. Trade and other receivables	2015	2014
	£'000	£'000
Other debtors	-	747
Accrued interest income from related parties (note 18d)	16	17
Amounts receivable from group undertakings (note 18e)	46,556	47,133
	46,572	47,897

The ageing of accrued interest income at the reporting date was:

Not past due	16	17
	16	17

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

12. Cash and cash equivalents	2015	2014
	£'000	£'000
Cash at bank and on hand	931	1,965
	931	1,965

13. Trade and other payables	2015	2014
	£'000	£'000
Amounts payable to group undertakings (note 18e)	16,391	24,963
Other creditors	4,805	1,251
	21,196	26,214

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

14. Ordinary Share Capital	2015	2014
	£'000	£'000
Allotted, called up and fully paid 10,000,000 (2014: 10,000,000) ordinary shares of £1 each	10,000	10,000

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.

Notes to the financial statements (continued)

15. Retained Earnings	2015	2014
	£'000	£'000
At beginning of year	14,278	25,364
Reduction in ordinary share capital	-	32,773
Profit for the year	2,043	(43,859)
At the end of the year	16,321	14,278

16. Cash Flows (Used In) / From Operating Activities	2015	2014
	£'000	£'000
Cash flows from operating activities		
Net profit/(loss)	2,043	(43,859)
Adjustments for:		
- Tax charge	(6,125)	(4,764)
- Interest received	(843)	(1,923)
- Other non-cash transactions	313	-
Changes in working capital:		
(Increase) / Decrease in amounts due from related parties	(3,721)	724
Decrease in prepayments and accrued income	596	53,923
(Decrease) in other payables	(3,843)	(3,365)
Cash (used)/generated from operating activities	(11,580)	736

17. Commitments

As at 30 June 2015, the Company was contractually committed to pay £nil (2014: £nil).

18. Related Party Transactions

The following transactions were carried out with related parties:

a) Acquisition of interests in subsidiary and joint ventures

During the prior year the Company injected cash investment of £500,000 into Lancashire Waste as part of its ongoing commitments to fund the project. No cash investment was made during the current year.

b) Income from joint ventures

Revenue includes interest income from joint ventures of £56,918 (2014: £6,496,488). Interest on loans is earned at effective rates of 11% (2014: between 9% and 13%) per annum.

c) Finance costs

Finance costs during the current year represent interest payable on certain balances with group undertakings. Interest is charged at LIBOR plus margin of 1.5%.

d) Loans to joint ventures

	£'000	£'000
Opening balance	633	50,403
Loan notes acquired in the year	-	2,812
Loan notes disposed in the year	(17)	(24)
Loans advanced during the year	-	750
Interest charged	16	6,496
Interest received	(20)	(96)
Provision for unrecoverability of loan	(596)	(59,708)
At 30 June 2015	16	633

Analysed as:

Non current loans (note 10)	-	616
Accrued interest on loans – Current (note 11)	16	17
	16	633

These loans bear effective interest rates of 11% per annum (2014: between 9% and 13%).

Notes to the financial statements (continued)

18. Related Party Transactions (continued)

	2015	2014
	£'000	£'000
e) Other year-end balances with related parties comprise:		
Amounts payable to group undertakings (note 13)	(16,391)	24,963
Amounts receivable from group undertakings (note 11)	46,556	47,133
Provisions in relation to joint ventures and associates	-	-

Included in amounts receivable from & payable to undertakings are loan receivables of £41,275,354 (2014: £47,133,245) and loan payables of £22,594,580 (2014: £17,940,276) both which bear interest at LIBOR plus margin of 1.5% per annum. The remaining amounts receivable balance relates to working capital loans receivable from associated group companies.

f) Management fee

The Company was also charged a management fee of £3,974,657 (2014: £2,714,832) by Lend Lease Europe Limited for costs attributable in the year.

g) Key management/directors compensation

Refer to note 6.

19. 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:

	2015		2014	
	Average rate	Spot rate	Average rate	Spot rate
Euros	1.32	1.41	1.20	1.22

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

Notes to the financial statements (continued)

19. Financial Risk Management (continued)

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. During the year, the Company has impaired the loan stock and loan stock interest receivable due from Global Renewables Lancashire Limited.

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 disclosed in Note 18. Repayment and interest rate terms of the loans receivable are also fixed.

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 2015:

30 June 2015	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 financial liabilities							
Trade and other payables – current	21,196	21,196	21,196	-	-	-	-
Total	21,196	21,196	21,196	-	-	-	-

Notes to the financial statements (continued)

19. Financial Risk Management (continued)

30 June 2014	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 financial liabilities							
Trade and other payables – current	26,214	26,214	8,274	-	-	17,940	-
Total	26,214	26,214	8,274	-	-	17,940	-

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.

20. 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.

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.