

Lendlease E&C Legacy Limited

Annual Report and Financial Statements

for the year ended 30 June 2018

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Lendlease E&C Legacy Limited

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Lendlease E&C Legacy Limited

Directors' Report for the Year Ended 30 June 2018

The directors of Lendlease E&C Legacy Limited present their report for the financial year ended 30 June 2018.

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:

J D Clark (appointed 22 May 2018)

R A Heasman (resigned 11 June 2018)

K S Lansdown (appointed 4 June 2018)

G J Scott

R Seeley (resigned 11 May 2018)

G G Thomas

Results

The Company's loss after tax for the year was £0.4m (2017: £nil).

Dividends

The directors do not recommend the payment of a dividend (2017: £nil).

Political donations

The Company made no political donations or incurred any political expenditure during the year (2017: £nil).

Outlook

With the continuing support of the Lendlease group, the Company will continue to hold an investment in Artworks Elephant LLP.

Events after the balance sheet date

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

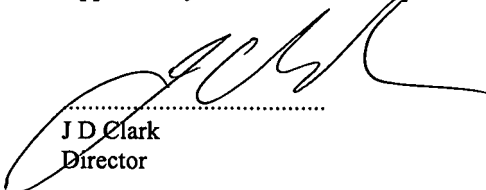
Disclosure of information to the auditor

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.

Approved by the Board on 17 September 2018 and signed on its behalf by:



.....
J D Clark
Director

Lendlease E&C Legacy 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (IFRSs as adopted by the EU).

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 apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- 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.

Independent Auditors' Report to the Members of Lendlease E&C Legacy Limited

Opinion

We have audited the financial statements of Lendlease E&C Legacy Limited (the "Company") for both the year ended 30 June 2017 and 30 June 2018, which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant 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 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Independent Auditors' Report to the Members of Lendlease E&C Legacy Limited (continued)

Directors' responsibilities

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, 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.

Auditors' 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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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.



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

Date: 19 September 2018

Lendlease E&C Legacy Limited

Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2018

	Note	2018 £	2017 £
Revenue	4	70,000	-
Other expenses	5	<u>(350,000)</u>	<u>-</u>
Results from operating activities		(280,000)	-
Finance costs	6	<u>(42,888)</u>	<u>-</u>
Net finance cost		(42,888)	-
Loss before tax		(322,888)	-
Income tax expense	9	<u>(43,268)</u>	<u>-</u>
Loss after tax		(366,156)	-
Other comprehensive expense after tax			
<i>Total items that will not be reclassified subsequently to profit or loss:</i>		<u>-</u>	<u>-</u>
<i>Total items that may be reclassified to profit or loss</i>		<u>-</u>	<u>-</u>
Total comprehensive loss after tax		(366,156)	-

The above results were derived from continuing operations.

The notes to and forming part of these financial statements are set out on pages 9 to 19.

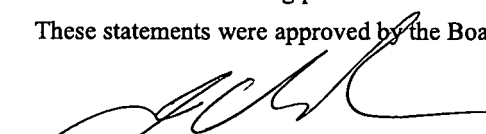
Lendlease E&C Legacy Limited

Statement of Financial Position as at 30 June 2018

	Note	2018 £	2017 £
Non current assets			
Investments	11	-	350,000
Total non current assets		-	350,000
Current assets			
Trade and other receivables	10	100	50,100
Total current assets		100	50,100
Total assets		100	400,100
Current liabilities			
Trade and other payables	12	(685,938)	(750,000)
Current tax payable		(30,218)	-
Total current liabilities		(716,156)	(750,000)
Net liabilities		(716,056)	(349,900)
Equity			
Issued capital	14	100	100
Retained earnings		(716,156)	(350,000)
Total equity		(716,056)	(349,900)

The notes to and forming part of these financial statements are set out on pages 9 to 19.

These statements were approved by the Board on 17 September 2018 and were signed on its behalf by:



.....
J D Clark
Director

Company Registration Number: 06426141

Lendlease E&C Legacy Limited

Statement of Changes in Equity for the year ended 30 June 2018

	Share capital £	Retained earnings £	Total £
At 1 July 2016	100	(350,000)	(349,900)
Total comprehensive income	-	-	-
At 30 June 2017	100	(350,000)	(349,900)

	Share capital £	Retained earnings £	Total £
At 1 July 2017	100	(350,000)	(349,900)
Total comprehensive income			
Loss for the year	-	(366,156)	(366,156)
Total comprehensive income	-	(366,156)	(366,156)
At 30 June 2018	100	(716,156)	(716,056)

The notes to and forming part of these financial statements are set out on pages 9 to 19.

Lendlease E&C Legacy Limited

Statement of Cash Flows for the Year Ended 30 June 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Loss for the year		(366,156)	-
<i>Adjustments for:</i>			
Dividend income		(70,000)	-
Impairment of investment		350,000	-
Finance costs	6	42,888	-
Income tax expense	9	43,268	-
		-	-
Working capital adjustments			
Decrease in trade and other receivables	10	120,000	-
(Decrease) in trade and other payables	12	(120,000)	-
Net cash inflow/(outflow) from operating activities		-	-
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		-	-

The notes to and forming part of these financial statements are set out on pages 9 to 19.

Lendlease E&C Legacy Limited

Notes to the Financial Statements for the year ended 30 June 2018

1 General information

Lendlease E&C Legacy Limited (the "Company") is a private company limited by share capital incorporated and domiciled in United Kingdom. The company registration number is 06426141.

The address of its registered office is:

20 Triton Street

Regent's Place

London

NW1 3BF

United Kingdom

The principal activity is to hold an investment in Artworks Elephant LLP.

Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with International Financial Reporting Standards and interpretations as adopted by the EU ("adopted IFRS").

The financial statements have been prepared in accordance with adopted IFRSs and under the historical cost basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

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

Significant accounting policies

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 standards, interpretations and amendments effective

The following standards have been applied for the first time from 1 July 2017:

Amendment to IAS 12 on recognition of deferred tax assets for unrealised losses

The amendment clarifies that, when an entity assess whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers whether tax law restricts the sources of taxable profits against which it can make deductions on the reversal of that deductible temporary difference.

It also clarifies that the estimate of probable future taxable profit can include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

There was no material financial impact on the Company following the adoption of this amendment.

Disclosure initiative: Amendments to IAS 7 Statement of Cash Flows

The amendment introduces additional disclosure requirements regarding changes in liabilities arising from financing activities. There was no material financial impact on the Company following adoption of this amendment.

IFRS 9 Financial Instruments

Lendlease E&C Legacy Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

IFRS 9 addresses the classification, measurement and derecognition of financial assets, financial liabilities and hedging. The changes from the implementation have been deemed immaterial and have not had a material effect on the Company's accounting policies for financial assets, liabilities and hedging.

Financial instrument	IFRS 9 classification	IAS 39 classification	Current carrying value £
Trade and other receivables	Amortised cost	Loans and receivables	100
Trade and other payables	Amortised cost	Amortised cost	(685,938)

New standard, interpretations and amendments not yet effective

None of the standards, interpretations and amendments which are effective for periods beginning after 1 July 2017 and which have not been adopted early, are expected to have a material effect on the financial statements.

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate. The Company is dependent for its working capital on funds provided to it by Lendlease Europe Holdings Limited, the Company's ultimate UK parent entity. Lendlease Europe Holdings Limited has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as they are needed by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other Group entities for financial support, the directors 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.

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.

3 Accounting policies

Finance income and costs

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

Lendlease E&C Legacy Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

3 Accounting policies (continued)

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 in other comprehensive income, in which case it is recognised directly in other comprehensive income.

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.

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 as 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.

Investments

Equity investments in subsidiaries, joint ventures and associates 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 conducts impairment reviews six monthly.

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 receivable. 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 receivable based on expected loss, 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.

Lendlease E&C Legacy Limited

Notes to the Financial Statements for the year ended 30 June 2018 (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.

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.

4 Revenue

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

	2018 £	2017 £
Dividends received	70,000	-
Total revenue	70,000	-

5 Other expenses

The analysis of the Company's other expenses for the year is as follows:

	2018 £	2017 £
Impairment of investments	(350,000)	-
Total other expenses	(350,000)	-

6 Finance income and costs

	2018 £	2017 £
Finance costs		
Interest payable to related parties	(42,888)	-
Total finance costs	(42,888)	-

7 Employees

The Company did not employ any staff during the year (2017: nil).

Lendlease E&C Legacy Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

8 Directors' remuneration

The directors of the Company are employees of the following entities:

J D Clark: Lendlease Development (Europe) Limited
 R A Heasman: Lendlease Development (Europe) Limited
 K S Lansdown: Lendlease Development (Europe) Limited
 G J Scott: Lendlease Development (Europe) Limited
 R Seeley: Lendlease Development (Europe) Limited
 G G Thomas: Lendlease Development (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 (charged) in the income statement

	2018 £	2017 £
Current tax		
Current year	(9,483)	-
Adjustments for prior years	(33,785)	-
Total current tax	(43,268)	-

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 19% (2017 - 19.75%).

The differences are reconciled below:

	2018 £	2017 £
Loss before tax	(322,888)	-
Income tax using the domestic corporation tax rate 19% (2017: 19.75%)	61,349	-
Adjustments for prior year tax claim	(33,785)	-
Exempt income	13,300	-
Non allowable expenses	(84,132)	-
Total income tax charge	(43,268)	-

The effective rate of taxation will vary as a result of any dividends paid by shareholdings, overseas tax rates, prior year tax claims and the utilisation of tax losses brought forward. A reduction in the corporate tax rate to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. This will reduce the Company's future current tax charge accordingly. The Company's profits for the accounting period are taxed at a statutory rate of 19% (2017: 19.75%).

Lendlease E&C Legacy Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

10 Trade and other receivables

	Note	2018 £	2017 £
Current			
Amounts owing from related parties	16	100	50,100
Non current			
Total trade and other receivables		100	50,100

There is no impairment recognised on any receivables and no receivables past due.

11 Investments

	2018 £	2017 £
Joint ventures	-	350,000
Total investments	-	350,000

Reconciliation of joint ventures

	2018 £	2017 £
Carrying amount at beginning of year	350,000	350,000
Impairment	(350,000)	-
Carrying amount at end of year	-	350,000
Joint ventures cost	700,000	700,000
Accumulated impairment	(700,000)	(350,000)
Carrying amount at end of year	-	350,000

At the balance sheet date the directors' assessment of the expected future cash flows to be generated from the Company's investments in Artworks Elephant LLP, was such that it required impairment. Consequently an impairment charge of £350k has been recognised in the year to 30 June 2018.

Lendlease E&C Legacy Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

11 Investments (continued)

Joint ventures

Details of the joint ventures as at 30 June 2018 are as follows:

Name of Joint-ventures	Principal activity	Country of Incorporation	Note	Ownership and voting right %	
				2018	2017
Artworks Elephant LLP	Property development	United Kingdom	1	50%	50%

Notes - registered addresses:

1. 20 Triton Street, Regent's Place, London, NW1 3BF

12 Trade and other payables

	Note	2018 £	2017 £
Current			
Amounts due to related parties	16	(685,938)	(750,000)
Current trade and other payables		(685,938)	(750,000)
Non current trade and other payables		-	-

The Company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 15 "Financial risk management and impairment of financial assets".

13 Contingencies

There are outstanding claims and exposures that arise in the normal course of business. There is significant uncertainty as to whether a future liability will arise in respect to these items. The amount of liability, if any, that may arise, cannot be measured reliably at this time. The directors are of the opinion that all known liabilities have been brought to account and that adequate provision has been made for any anticipated losses.

Lendlease E&C Legacy Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

14 Issued capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary A Shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The holder 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.

15 Financial risk management

The Company's activities expose it to a variety of financial risks. The Lendlease Asset and Liability Committee oversees the management of the Group's Treasury risks, within the parameters of a Board approved Treasury Policy, and maintains a Group-wide framework for financial risk management and reviews issues of material risk exposure within the scope of the Treasury Policy. A summary of key risks identified, exposures and management of exposures is detailed below.

Market risk

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in the market interest rates. The Company's exposure to interest rate risk includes financial assets (mainly cash at bank), financial liabilities (mainly borrowings and financing arrangements) and movements in intra-group lending rates. The exposure is managed using physical financial instruments, derivative financial instruments (mainly interest rate swaps) and managing to hedging limits in respect of recourse funding as outlined in the Treasury Policy.

Interest rate risk sensitivity analysis

At 30 June 2018, it is estimated that an increase/decrease of 1% in interest rates would have increased/decreased respectively the Company's loss before tax by approximately £7,000. There has been no change in method or assumptions from previous periods.

Credit risk

Credit risk is the risk that a counterparty will not be able to meet its obligations in respect of a financial instrument, resulting in a financial loss to the Company.

The risk includes the recoverability of loans and receivables, other financial assets and cash deposits. Credit risk exposure is managed by having policies in place to ensure that customers and suppliers are appropriately credit assessed. The Treasury Policy sets out credit limits for each counterparty based on minimum investment-grade ratings.

Lendlease E&C Legacy Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

15 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk of having insufficient funds to settle financial liabilities as and when they fall due. This includes having insufficient levels of committed credit facilities.

The exposure is managed by maintaining sufficient levels of cash and committed credit facilities to meet financial commitments and working capital requirements, managing to funding portfolio benchmarks as outlined by the Treasury Policy, and timely review and renewal of credit facilities. The Company has a loan facility with Lendlease Europe Holdings Limited to meet short term financing needs.

Maturity analysis

	Within 1 year	Total
	£	£
2018		
Trade and other payables	<u>(685,938)</u>	<u>(685,938)</u>
2017		
Trade and other payables	<u>(750,000)</u>	<u>(750,000)</u>

Capital risk management

The Company assesses its capital management model as part of the broader Lendlease Group Board's strategic plan. 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 Lendlease Corporation capital management goals.

The Company actively manages the working capital on a daily basis and operates a strict regime of contract billings and debtor payment cycles to maximise liquidity.

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

16 Related party transactions

16.1 Transactions with key management personnel

Further details of directors' remuneration is disclosed in note 8.

16.2 Summary of transactions with related parties

Summary of transactions with parent entities

Transactions with the parent entity include a loan to fund working capital. Interest was incurred on this balance during the year at a rate of 6.42% (2017: LIBOR + 2.45%). Loans outstanding at the end of the period can be recalled at any time.

Lendlease E&C Legacy Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

16 Related party transactions (continued)

16.2 Summary of transactions with related parties (continued)

Summary of transactions with other related parties

Other related parties are entities controlled by Lendlease Corporation Limited that are neither the parent nor subsidiaries of the Company. Transactions with other related parties include management charges, loans and interest.

During the year, the Company received the following income and incurred the following costs with related parties:

	2018 £	2017 £
Finance costs:		
Parent entities	(42,888)	-

16.3 Related party receivables

	2018 £	2017 £
Parent entities	100	100
Other related parties	-	50,000
Total related parties receivables	100	50,100

16.4 Related party payables

	2018 £	2017 £
Parent entities	(685,938)	(750,000)
Total related party payables	(685,938)	(750,000)

Lendlease E&C Legacy Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

17 Parent and ultimate parent undertaking

The Company's immediate parent is Lendlease Residential (CG) 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.

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:

20 Triton Street
Regent's Place
London NW1 3BF

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

The Registrar of Companies
Companies House
Crown Way
Maindy, Cardiff.

18 Subsequent events

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