

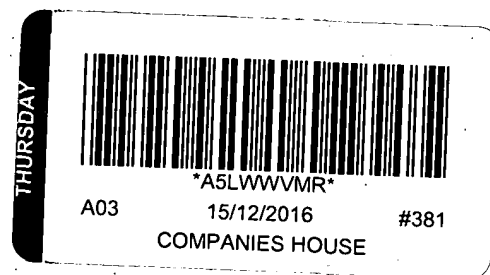
Lendlease (Elephant & Castle) Limited

(Formerly trading as Lend Lease (Elephant & Castle) Limited)

Annual report and financial statements

For the year ended 30 June 2016

Registered number 7196467



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Directors' report

The directors present their directors' report and the audited financial statements for the year ended 30 June 2016.

Principal activities

The principal activity of Lendlease (Elephant & Castle) Limited (the "Company") is the regeneration of the Heygate Estate in Elephant & Castle, London.

Results and dividends

The loss for the year after taxation amounted to £792,000 (2015 £2,000). The directors did not pay an interim dividend or propose a final dividend during the year (2015: £nil).

Directors

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

R Heasman	
E Mayes	
G Scott	(Appointed 30/10/2015)
C Pettett	(Resigned 30/10/2015)
J Walsh	(Resigned 30/10/2015)

Political contributions

The Company made no political contributions during the period (2015: £nil).

Statement as to 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.

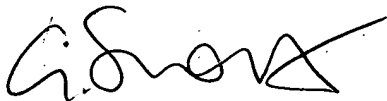
Other information

On the 1 July 2016 the Company changed its name from Lend Lease (Elephant & Castle) Limited to Lendlease (Elephant & Castle) Limited.

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



Georgina Scott
Director
20 Triton Street
Regents Place, London
NW1 3BF

30 November 2016

Statement of directors' responsibilities in respect of the Directors' Report and financial statements

The directors are responsible for preparing 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 Lendlease (Elephant & Castle) Limited

We have audited the financial statements of Lendlease (Elephant & Castle) Limited for the year ended 30 June 2016 set out on pages 4 to 13. 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 2, 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 2016 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.

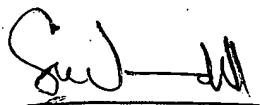
Opinion on other matter prescribed by the Companies Act

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.

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 requirements to prepare a strategic report.



Stephen Wardell

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square, London, E14 5GL

30 November 2016

Statement of profit or loss and other comprehensive income
for the year ended 30 June 2016

	Note	2016 £000	2015 £000
Administrative expenses		(986)	-
Operating Loss		(986)	-
Finance income	4	4	-
Finance expense	4	(30)	-
Loss before taxation		(1,012)	-
Taxation	5	220	(2)
Loss after taxation		(792)	(2)
Other comprehensive income		-	-
Total comprehensive loss for the year		(792)	(2)

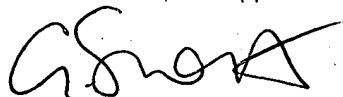
The notes to and forming part of these financial statements are set out on pages 8 to 13.

Statement of Financial Position
as at 30 June 2016

	Note	2016 £000	2015 £000
Non current assets			
Fixed assets	6	6,511	-
Deferred tax asset	7	250	30
Inventories	9	101,767	89,978
		<u>108,528</u>	<u>90,008</u>
Current assets			
Cash & cash equivalents		-	7,456
Trade and other receivables	9	19,045	7,505
		<u>19,045</u>	<u>14,961</u>
Total assets		<u>127,573</u>	<u>104,969</u>
Current liabilities			
Cash & cash equivalents		(6,747)	-
Trade and other payables	10	(113,484)	(82,992)
		<u>(120,231)</u>	<u>(82,992)</u>
Non current liabilities			
Trade and other payables	10	(9,523)	(23,366)
		<u>(9,523)</u>	<u>(23,366)</u>
Total liabilities		<u>(129,754)</u>	<u>(106,358)</u>
Net liabilities		<u>(2,181)</u>	<u>(1,389)</u>
Equity			
Called up share capital	11	-	-
Retained earnings		(2,181)	(1,389)
Total equity		<u>(2,181)</u>	<u>(1,389)</u>

The notes to and forming part of these financial statements are set out on pages 8 to 13.

These statements were approved by the board of directors on 30 November 2016 and were signed on it's behalf by



Georgina Scott
Director

Registered number 7196467

Statement of Changes in Shareholders' Equity
for the year ended 30 June 2016

	Attributable to shareholders	
	Share capital	Retained earnings
	£000	£000
		Total equity
		£000
Balance at 1 July 2014	-	(1,387)
Loss for the year	-	(2)
Balance at 30 June 2015	-	(1,389)
Balance at 1 July 2015	-	(1,389)
Loss for the year	-	(792)
Balance at 30 June 2016	-	(2,181)

The notes to and forming part of these financial statements are set out on pages 8 to 13.

Statement of Cash Flows

for the year ended 30 June 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Loss for the year	(792)	(2)
<i>Adjustments for:</i>		
Taxation	(220)	2
Finance income	(4)	-
Finance expense	30	-
Operating result before changes in working capital	(986)	-
Increase in inventories	(11,620)	(60,497)
(Increase)/decrease trade and other receivables	(11,540)	4,836
Increase in trade and other payables	16,649	61,397
Net cash (used in)/from operating activities	(7,497)	5,736
Cash flow from investing activities		
Acquisition of Property, Plant and Equipment	(6,680)	-
Interest received	4	-
Net cash used in investing activities	(6,676)	-
Cash flow from financing activities		
Interest paid	(30)	-
Net cash used in financing activities	(30)	-
Increase / (decrease) in cash and cash equivalents	(14,203)	5,736
Cash and cash equivalents at 1 July	7,456	1,720
Cash and cash equivalents at 30 June	(6,747)	7,456

The notes to and forming part of these financial statements are set out on pages 8 to 13.

Notes to the financial statements

1 Accounting policies

Lendlease (Elephant & Castle) Limited (the "Company") is a Company incorporated and domiciled in the UK. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as adopted by the European Union ("Adopted IFRSs") and with those parts of the Companies Act, 2006 applicable to companies reporting under IFRS.

The Company is exempt by virtue of S401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The Company is dependant for its working capital on funds provided to it by Lendlease Europe Holdings Limited, the Company's UK holding undertaking. 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. The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

Inventory

Inventory is stated at cost with adjustments made to the carrying value to reflect net realisable amounts where these are lower than cost. Management conducts impairment reviews annually.

Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less provision for doubtful debts.

Taxation

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

The tax currently payable is based on taxable loss for the period. Taxable loss differs from the net loss as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods 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 timing differences that have originated but not reversed at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing 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.

Key estimates and judgements

These accounts are prepared under IFRSs as adopted by the EU. The choice of accounting policies involves, in some cases, management evaluating and choosing the policy that gives the most true and fair view. The most relevant to the Company is in relation to estimating the out-turn cost of the development to determine the appropriate provision levels for inventory.

New standards and interpretations not yet adopted

The following adopted IFRSs have been issued but have not been applied in these financial statements. The effect of these Adopted IFRSs on these financial statements has not yet been determined:

- IFRS 9 Financial Instruments (on or after 1 January 2018).
- IFRS 15 Revenue from Contract with Customers (on or after 1 January 2017).
- Equity Method in Separate Financial Statements – Amendments to IAS 27 (on or after 1 January 2016).
- Annual Improvements to IFRSs – 2012-2014 Cycle (effective date to be confirmed).
- Disclosure Initiative – Amendments to IAS 1 (effective date to be confirmed).

Notes to the financial statements (continued)

2 Directors' remuneration and employees

All directors are employees of Lendlease Development (Europe) Limited. Any qualifying services in respect of the Company are considered to be incidental and part of these directors' overall management responsibilities within Lendlease Development (Europe) Limited. Their remuneration for the current year and prior year was paid by and included in the financial statements of this company.

All staff are employed by Lendlease Development Europe Limited (2015: £nil).

3 Auditor's remuneration

Amounts receivable by the auditor and their associates in respect of:

	2016 £000	2015 £000
Audit of these financial statements	(8)	(7)

4 Finance income and expense

	2016 £000	2015 £000
<i>Interest income on financial assets not at fair value through profit or loss</i>		
Interest income	4	-
Finance income	4	-
<i>Interest expense on financial liabilities measured at amortised cost</i>		
Payable to group companies and associated undertakings	(30)	-
Finance expense	(30)	-

5 Taxation

(a) Recognised in the Statement of profit or loss and other comprehensive income

	2016 £000	2015 £000
<i>Current tax (credit)/charge</i>		
Current tax	-	-
Total current tax	-	-
<i>Deferred tax (credit)/expense</i>		
Origination and reversal of temporary differences	202	-
Prior year adjustment	31	-
Effect of change in UK tax rate 20% (2015: 20.75%)	(13)	(2)
Total tax in Statement of profit or loss and other comprehensive income	220	(2)

(b) Reconciliation of effective tax rate

The tax assessed differs from the application of the standard rate of corporation tax in the UK 2016: 20% (2015: 20.75%) to the Company's accounting loss before taxation for the following reasons:

	2016 £000	2015 £000
Loss on ordinary activities before tax	(1,012)	-
Tax using the UK corporation tax rate of 20% (2015: 20.75%)	202	-
Effects of:		
Prior year adjustments	31	-
Amounts not recognised	202,400	(2)
Permanent difference on change of tax rate	(13)	-
Total tax credit	202,620	2

(c) Factors that may affect future tax charges

The effective rate of taxation will vary as a result of any dividends paid by subsidiaries, 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. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Company's future current tax charge accordingly. Accordingly, the Company's profit for the accounting period are taxed at an effective rate of 20% (2015: 20.75%).

Notes to the financial statements (continued)

6 Property, plant and equipment

	Furniture, fixtures & fittings	Property	Total
	£000	£000	£000
<i>At cost</i>			
At 1 July 2015			
Additions	1,362	5,318	6,680
At 30 June 2016	1,362	5,318	6,680
<i>Depreciation</i>			
At 1 July 2015			
Charge for the year	(169)	-	(169)
At 30 June 2016	(169)	-	(169)
Net Book Value			
At 30 June 2016	1,193	5,318	6,511
At 30 June 2015	-	-	-

7 Deferred taxation

Factors that may affect future tax charges

The effective rate of taxation will vary as a result of any dividends paid by the shareholder, overseas tax rates and the utilisation

	2016	2015
	£000	£000
Deferred tax assets:		
Net tax assets at start of period	30	32
Adjustment in respect of prior years	31	-
Deferred tax charge to profit and loss for the period	202	(2)
Other - Income Statement - rate change	(13)	-
Net tax assets at end of period	250	30

	2016	2015
	£000	£000
Deferred tax assets by type		
Trading losses	250	30
	250	30

Deferred income tax assets are recognised for tax losses carried forwards to the extent that the realisation of the related tax profits is probable.

	2016	2015
	£000	£000
8 Inventories		
Cost at 1 July	89,978	29,481
Inventory acquired during the year	11,789	60,497
Cost at 30 June	101,767	89,978

The directors consider all inventories to be non-current in nature. The operational cycle is such that a significant proportion of inventories will be realised beyond twelve months. It is not possible to determine with accuracy when specific inventory will be realised as this will be subject to a number of issues such as consumer demand and development programmes.

	2016	2015
	£000	£000
9 Trade and other receivables		
Trade debtors	10	-
Other receivables	1,542	6,489
Amounts owed from Lendlease Group undertaking	17,485	1,008
Accrued income	8	8
	19,045	7,505

Notes to the financial statements (continued)

10 Trade and other payables	2016 £000	2015 £000
Current liabilities		
Trade payables	(499)	(1,527)
Amounts owed to Lendlease Group undertaking	(101,413)	(68,765)
Accrued expenses and other payables	(11,572)	(12,700)
	<u>(113,484)</u>	<u>(82,992)</u>
Non current liabilities		
Accrued expenses and other payables	(9,523)	(23,366)
Total liabilities	<u>(123,007)</u>	<u>(106,358)</u>

The carrying amount of "trade & other payables" is deemed to represent the liabilities' fair value.

11 Called up share capital	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

12 Related Party Disclosures

The following transactions were carried out with related parties:

<i>Purchases and sales of goods and services</i>	2016	2015
Management and administrative services:	£000	£000
Paid to Lendlease Development (Europe) Limited	<u>981</u>	<u>-</u>
Loans to group undertakings		
Loan to Lendlease E&C Legacy Limited	750	-
Loan to Lendlease Residential (CG) Plc	32	-
Loan to Lendlease Construction (Europe) Limited	-	708
Loan to Lendlease Residential (BH) Limited	-	300
	<u>782</u>	<u>1,008</u>
Trade receivable from group undertakings		
Receivable from Lendlease Residential (CG) Plc	16,700	-
Total amounts due from group undertakings	<u>17,482</u>	<u>1,008</u>
Loans from group undertakings		
Loan from Lendlease Europe Holdings Limited	(100,835)	(68,686)
Loan from Lendlease Development (Europe) Limited	(417)	(68)
Loan from Lendlease Residential (CG) Plc	-	(12)
	<u>(101,252)</u>	<u>(68,766)</u>
Trade payables to group undertakings		
Payable to Lendlease Europe Limited	<u>(161)</u>	<u>-</u>
Total amounts due to group undertakings	<u>(101,413)</u>	<u>(68,766)</u>

Notes to the financial statements (continued)

13 Financial instruments

The Company's financial instruments comprise cash, intercompany loans and various items such as trade receivables and trade payables which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

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

Financial Assets

	2016 Carrying Value £000	2015 Carrying Value £000
Cash and cash equivalents	-	7,456
Trade and other receivables	19,045	6,497
	<u>19,045</u>	<u>13,953</u>

Financial liabilities

	2016 Carrying Value £000	2015 Carrying Value £000
Cash and cash equivalents	(6,747)	-
Trade and other payables	(123,007)	(106,358)
	<u>(129,754)</u>	<u>(106,358)</u>

a) Capital Risk

The Company operates within the policies and procedures governed by its ultimate parent undertaking, Lendlease Corporation Limited. Within the scope of these policies and procedures, the Company manages its capital with the objective to enable the business to continue as a going concern and maximise returns to stakeholders. The assets and liabilities of the Company that are managed as capital comprise trade and other receivables, cash and cash equivalents, inventories, and trade and other payables.

b) Financial Risk

The Company's activities expose it to a variety of financial risks, such as market risk (including foreign exchange risk, price risk and credit risk) and liquidity risk. The Company's risk management programme seeks to minimise potential adverse effects on the Company's financial performance.

c) Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cashflows. Future cash requirements are forecast on a monthly basis and funding including appropriate headroom is secured through the Company's ultimate parent undertaking, Lendlease Corporation Limited.

The maturity analysis for the Company's financial liabilities is contractually as follows:

30-Jun-16	Carrying value £000	On demand £000	< 1 year £000	1-2 years £000	2-5 years £000	Over 5 years £000
Cash & cash equivalents	(6,747)	(6,747)	-	-	-	-
Trade and other payables	(123,007)	(101,413)	(12,070)	-	(9,523)	-
	<u>(129,754)</u>	<u>(108,160)</u>	<u>(12,070)</u>	<u>-</u>	<u>(9,523)</u>	<u>-</u>

30-Jun-15	Carrying value £000	On demand £000	< 1 year £000	1-2 years £000	2-5 years £000	Over 5 years £000
Trade and other payables	(106,358)	(68,765)	(14,227)	-	(23,366)	-

The "Trade and other payables" due on demand relate to amounts owed to group undertakings. There is no expectation that this contractual right will be exercised.

Notes to the financial statements (continued)

13 Financial instruments (continued)

d) Market risk

Foreign currency risk

The Company operates exclusively 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.

Credit risk

Given the nature of the Company's business, legal title to development properties only passes to the purchaser on completion, and therefore the point at which full settlement is received. The Company does therefore not consider itself to be exposed to significant concentrations of credit risk.

Sensitivity analysis

In managing interest rate and currency risks the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates would have an impact on earnings.

At 30 June 2016 and 30 June 2015, the fair values of the Company's financial instruments were not materially different to the book value of these instruments.

Exposure to interest rate risk arises in the normal course of the Company's business. Given that the Company is primarily funded from loans obtained from group companies, interest rate risk is considered to be minimal and is managed at the group level. The Company does not therefore utilise interest rate swaps or other interest rate risk hedging instruments.

e) Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature or, if earlier, are repriced.

30-Jun-16	Effective interest rate	Total	0-1 years	< 1 year	1-2 years	2-5 years	Over 5 years
		£000	£000	£000	£000	£000	£000
Cash	-	(6,747)	(6,747)	-	-	-	-
Loans from group undertakings	9.52%	(101,413)	(101,413)	-	-	-	-
		(108,160)	(108,160)	-	-	-	-

30-Jun-15	Effective interest rate	Total	0-1 years	< 1 year	1-2 years	2-5 years	Over 5 years
		£000	£000	£000	£000	£000	£000
Cash	-	7,456	7,456	-	-	-	-
Loans from group undertakings	9.52%	77,827	77,827	-	-	-	-
		85,283	85,283	-	-	-	-

Interest of LIBOR minus 1% is accrued on positive cash balances. The cash balances of the Company are part of a pooling arrangement with the bank balances of other group undertakings. As at the balance sheet date, the overall position of these balances was positive and therefore the interest rate applicable to these balances is £nil (2015: nil).

Loans from Lendlease Europe Holdings Limited are made for specific qualifying projects. Interest on these loans is charged at 9.52% and is capitalised into inventory.

14 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of Lendlease Europe Limited, which is registered in England and Wales. Its ultimate parent undertaking is Lendlease Corporation Limited, Level 14 Tower Three, International Towers Sydney, Exchange Place, 300 Barangaroo Avenue, Barangaroo NSW 2000, which is incorporated in Australia. The largest group in which the results of the Company are consolidated is that headed by Lendlease Corporation Limited. The consolidated financial statements of that group may be obtained from the group's website at www.lendlease.com

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