

SC89468

Bovis Lend Lease (Scotland) Limited

Directors' report and
financial statements
Registered number 89468
30 June 2006



Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2006

Principal activities

The company's principal activity is as a provider of project solutions in the construction industry

Business review

The results for the year are set out in the attached profit and loss account. The profit after tax for the year was £687,000 (2005 £1,822,000)

The company has reported significant organic growth in turnover for the period with revenue of £92,025,000 (2005 £53,885,000) driven by a higher number of large Design and Build contracts, where all construction costs are recognised on the company's books, being undertaken in the year

Strong regional economic growth has been underpinned by large public sector spend allowing the Company to significantly increase its order book to a capital value of circa £150 million, with notable opportunities won in the education sector

Proposed dividend

The directors have not proposed a final dividend for the year (2005 £5,000,000). No interim dividends were paid during the year (2005 £nil)

Directors and directors' interests

Set out below are the directors who served during the year

GA Anderson
A Cutts (appointed 14 March 2006)
CS Harvey
JC Hyne
AC Mack (resigned 19 March 2006)
NC Martin (resigned 14 March 2006)
JD Millett
A Panayi (appointed 5 August 2006)
AD Silverbeck (resigned 9 August 2005)
HB Thorburn

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

Subsequent to the year end, Mr M Coleman was appointed as a director effective 21 August 2006, Mr H Mursell was appointed as a director effective 7 November 2006, Mr P Johnson was appointed as a director effective 22 February 2007, Mr J Millett resigned as a director effective 31 July 2006, Mr A Panayi resigned as a director effective 7 November 2006 and Mr H Thorburn resigned as a director effective 22 February 2007

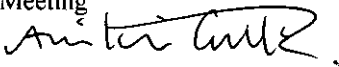
Disclosure of information to auditors

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 auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

A resolution for the re appointment of KPMG LLP as auditors of the company is to be proposed at a forthcoming General Meeting

A Cutts
Company secretary



33 Bothwell Street
Glasgow
Scotland G2 6NL
28/3/2007

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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.

KPMG LLP

PO Box 685
8 Salisbury Square
London
EC4Y 8BB

Independent auditors report to the members of Bovis Lend Lease (Scotland) Limited

We have audited the financial statements of Bovis Lend Lease (Scotland) Limited for the year ended 30 June 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


KPMG LLP
Chartered Accountants
Registered Auditor

3 April 2007
8 Salisbury Square
London
EC4Y 8BB

Profit and loss account

for the year ended 30 June 2006

	<i>Note</i>	30 June 2006 £000	30 June 2005 £000
Turnover	<i>1,2</i>	92,025	53,885
Cost of sales		(89,655)	(51,179)
Gross profit		2,370	2,706
Administrative expenses		(1,916)	(441)
Operating profit		454	2,265
Other interest receivable and similar income	<i>6</i>	527	338
Profit on ordinary activities before taxation	<i>3</i>	981	2,603
Tax on profit on ordinary activities	<i>7</i>	(294)	(781)
Profit for the financial year	<i>11</i>	687	1,822

No operations were acquired or discontinued during the year (2005 *none*) There is no material difference between the results disclosed in the profit and loss account and the result given on an unmodified historical cost basis

There were no gains or losses recognised in the year (2005 *£nil*) other than those shown above

Balance sheet

as at 30 June 2006

	<i>Note</i>	30 June 2006 £000	30 June 2005 £000
Current assets			
Debtors	8	17,564	7,893
Cash at bank and in hand		10,160	18,400
		<u>27,724</u>	<u>26,293</u>
Creditors: amounts falling due within one year	9	(24,400)	(23,656)
Net assets		<u>3,324</u>	<u>2,637</u>
Capital and reserves			
Called up share capital	10	3,324	2,637
Profit and loss account			
Equity shareholders' funds	11	<u>3,324</u>	<u>2,637</u>

These financial statements were approved by the board of directors on
 signed on its behalf by

28 March, 2007 and were



H Mursell
 Director

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

In these financial statements the presentation requirements of FRS 25 'Financial instruments presentation and disclosure' have been adopted for the first time. The impact of the adoption on the financial statements is that finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds."

Basis of preparation

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

Under Financial Reporting Standard No 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary

The related party transactions note included in the consolidated financial statements of the intermediary parent undertaking complies with the conditions of Financial Reporting Standard No 8 'Related Party Transactions'. The company is therefore exempt from the requirement to prepare a separate note

Turnover

Turnover represents the value of work performed during the period, exclusive of value added tax

Profits

Profits are brought to account

for property construction, progressively at an amount equivalent to general overheads or an amount equivalent to the value of work performed when the outcome of a contract can be reliably determined (the company does not consider that the outcome of a construction contract can be reliably determined until it is at least 50% complete),

for goods and services, when such goods or services have been supplied or rendered

Stage of completion is measured by reference to actual costs to date as a percentage of total forecast costs for each contract. Provision is made for losses incurred or foreseen in bringing the contract to completion as soon as they become apparent

Amounts recoverable on contracts

Amounts recoverable on contracts are included at cost plus attributable profits estimated to be earned to date, less provision for foreseeable losses and less progress payments received and receivable

Payments received on account

Any excess of progress payments received and receivable on contracts over cost plus attributable profit estimated to be earned to date, less provisions for foreseeable losses, is included in creditors

Taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation. In accordance with FRS 19 'Deferred Tax', deferred taxation is provided fully and on a non discounted basis at future corporation tax rates in respect of timing differences between profits computed for taxation and accounts purposes

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease

2 Segmental information

The company's turnover and results arose solely from, and the company's net assets are deployed in, providing project solutions in the construction industry in the United Kingdom

3 Profit on ordinary activities before taxation

	30 June 2006 £000	30 June 2005 £000
<i>Profit on ordinary activities before taxation is stated after charging.</i>		
Rentals payable under operating leases	147	153

The remuneration of the auditors for the current and prior accounting years has been borne by a fellow group undertaking

4 Remuneration of directors

The directors did not receive any remuneration from the company for their services during the year (2005 £nil)

5 Staff numbers and costs

The company did not directly employ any staff during the year (2005 nil)

The remuneration and pension contributions of staff and directors has been borne by a fellow group undertaking which recovered its costs by way of a management charge to the company. The management charge was £1,738,000 (2005 £269,000)

6 Other interest receivable and similar income

	30 June 2006 £000	30 June 2005 £000
Bank interest	527	338

Notes to the financial statements *(continued)*

7 Taxation

(a) Analysis of charge in year

	30 June 2006 £000	30 June 2005 £000
Current tax		
UK Corporation tax on profits for the year at 30% (note 7(b))	294	781
Tax on profit on ordinary activities	<u>294</u>	<u>781</u>

(b) Factors affecting tax charge for year

The tax assessed for the year is the same as the standard rate of corporation tax of 30%

	30 June 2006 £000	30 June 2005 £000
Profit on ordinary activities before tax	<u>981</u>	<u>2,603</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	294	781
Current tax charge for year (note 7 (a))	<u>294</u>	<u>781</u>

(c) Factors that may affect future tax charges

Future effective tax rates may vary due to adjustments for previous years

Notes to the financial statements *(continued)*

8 Debtors

	30 June 2006 £000	30 June 2005 £000
Trade debtors	1,048	2,504
Amounts recoverable on contracts	6,493	4,967
Amounts due from parent and fellow subsidiary undertakings	8,865	243
Other debtors	1,158	4
Prepayments and accrued income		175
	<u>17,564</u>	<u>7,893</u>

9 Creditors amounts falling due within one year

	30 June 2006 £000	30 June 2005 £000
Payments received on account	15,368	6,637
Trade creditors	1,937	
Amounts owed to parent and fellow subsidiary undertakings	4,604	8,187
Corporation tax	295	781
Other creditors including taxation and social security	2,196	2,988
Accruals and deferred income		63
Dividend payable		5,000
	<u>24,400</u>	<u>23,656</u>

10 Called up share capital

	30 June 2006 £	30 June 2005 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	100

11 Reconciliation of movement in equity shareholders' funds

	30 June 2006 £000	30 June 2005 £000
Opening equity shareholders' funds	2,637	5,815
Profit for the financial year	687	1,822
Dividend paid		(5,000)
Closing equity shareholders' funds	<u>3,324</u>	<u>2,637</u>

Notes to the financial statements *(continued)*

12 Commitments

Annual commitments under operating leases are as follows

	Land and buildings	
	30 June 2006	30 June 2005
	£000	£000
Operating leases which expire		
Within one year	13	13
In second to fifth year inclusive	134	114
More than five years		26
	<hr/> <hr/>	<hr/> <hr/>

13 Contingent liabilities

There are claims outstanding which arise under contracts carried out by the company in the ordinary course of business. It is not possible to predict with any certainty the results of these claims but the directors believe, taking into account counter claims, claims against third parties and provisions in the accounts, that the outcome will not have a material effect on the company's financial position.

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

The company is a subsidiary undertaking of Bovis Lend Lease Holdings Limited, which is registered in England and Wales. Its ultimate parent undertaking is Lend Lease Corporation Limited, which is incorporated in Australia.

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

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