Bovis Lend Lease (Scotland) Limited

Directors' report and financial statements

Registered number 89468

30 June 2008

Directors' report and financial statements

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2008.

Principal activities
The Company's principal activity is as a provider of project solutions in the construction industry in the United Kingdom.

The Company is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is 33 Bothwell Street, Glasgow, Lanarkshire G2 6NL.

These financial statements were authorised for issue by the Board of Directors on 10 December 2008.

Business review
The results for the year are set out in the attached income statement. The profit after tax for the year was £35,000 *(2007: £1,979,000)*.

The company has reported a decline in turnover for the period with revenue of £82,827,000 *(2007: £103,720,000)* which has resulted from programme changes on some key projects in delivery. Turnover levels are forecast to recover in future reporting periods due to secured education and other government work, and regional growth continues to be robust supported by the capital value of the order book of £250 million *(2007: £150 million)*.

Our strong relationships with key clients and professional teams underpin both the current and future profitability of the business, notably in the education and commercial construction sectors. The robustness of the order book and strong client and professional team relationships mitigate against any medium term risk in the local construction market.

Dividend
The directors do not recommend a final dividend for the year *(2007: £nil)* and no interim dividend was paid during the year *(2007: £nil)*.

Directors and directors' interests
The directors who served during the year are listed below:

G Anderson
M Coleman
J Hyne
P Johnson
H Mursell

Subsequent to the year end Mr H Mursell resigned as director and Mr B Dew was appointed as director, effective 8th September 2008.

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.

Directors' report *(continued)*

Auditors

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

By order of the board

B Dew
Director

10 December 2008

33 Bothwell Street
Glasgow
Lanarkshire
G2 6NL

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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable laws.

The financial statements are required by law to present fairly the financial position and the performance of the company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 that the financial statements comply with IFRS as adopted by the European Union; 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 confirm that they have complied with the above requirements in preparing the financial statements.

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 ("the Company"), for the year ended 30 June 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Shareholders' Equity 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 4.

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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 IFRSs as adopted by the EU, of the state of the company's affairs as at 30 June 2008 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

KPMG LLP
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

10 December 2008

Income statement
For the year ended 30 June 2008

	Notes	2008 £000	2007 £000
Revenue		**82,827**	103,720
Cost of sales		**(80,182)**	(98,457)
Gross profit		**2,645**	5,263
Administrative expenses	6	**(2,303)**	(2,436)
Operating profit		**342**	2,827
Finance costs	7	**(149)**	-
Profit before taxation	3	**193**	2,827
Taxation	8	**(158)**	(848)
Profit for the year	13	**35**	1,979

No operations were acquired or discontinued during the year *(2007: none)*. There is no material difference between the results disclosed in the income statement and the result given on an unmodified historical cost basis.

Balance sheet
As at 30 June 2008

	Notes	2008 £000	2007 £000
Current assets			
Trade and other receivables	9	**19,909**	22,691
Cash and cash equivalents		**6,810**	4,770
Total assets		**26,719**	27,461
Current liabilities			
Trade and other payables	11	**(21,381)**	(22,158)
Net assets		**5,338**	5,303
Equity			
Ordinary shares	12	**-**	-
Retained earnings	13	**5,338**	5,303
Total equity		**5,338**	5,303

These financial statements were approved by the board of directors on 10 December 2008 and were signed on its behalf by:

B Dew
Director

Statement of changes in shareholders' equity

For the year ended 30 June 2008

	Notes	Ordinary share capital £000	Retained earnings £000	Total equity £000
Balance at 30 June 2006		-	3,324	3,324
Retained profit for the year	13	-	1,979	1,979
Balance at 30 June 2007		-	**5,303**	**5,303**
Retained profit for the year	13	-	35	35
Balance at 30 June 2008		-	**5,338**	**5,338**

Cash flow statement

For the year ended 30 June 2008

	Notes	2008 £000	2007 £000
Cash flows from operating activities			
Cash inflow/(outflow) generated from operations	14	**3,138**	(5,095)
Interest paid		**(149)**	-
Corporation tax paid		**(949)**	(295)
Net cash inflow/(outflow) from operating activities		**2,040**	(5,390)
Net cash from financing activities		-	-
Net cash from investing activities		-	-
Net increase/(decrease) in cash and cash equivalents		**2,040**	(5,390)
Cash and cash equivalents at beginning of year		**4,770**	10,160
Cash and cash equivalents at end of year		**6,810**	4,770

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.

Basis of preparation

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 1985 applicable to companies under IFRS.

The financial statements have been prepared under the historical cost convention.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business net of value added tax.

Sales of goods are recognised when goods are delivered and title has passed. Revenue from construction contracts is recognised in accordance with the Company's accounting policy on construction contracts.

Construction contracts

Where the outcome of the contract cannot be estimated reliably, contract revenue is recognised only to the extent that contract costs incurred are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

Where the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, revenue and cost are recognised over the period of the contract. The Company does not consider that the outcome of a construction contract can be reliably determined until it is at least 50% complete. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Company uses the "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the actual contract costs incurred up to the balance sheet date as a percentage of the total estimated costs for each contract. Provision is made for losses incurred or foreseen in bringing the contract to completion as soon as they become apparent.

The Company presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Progress billings not yet paid by customers are included within trade and other receivables. The Company presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Foreign currencies

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.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Pension costs

Contributions in respect of defined benefit pension schemes are calculated as a percentage, agreed based on actuarial advice, of the pensionable salaries of employees. The cost of providing pensions is charged to the profit and loss account over the periods benefiting from the services of employees.

The Company participates in a groupwide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by IAS 19 'Employee benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

Taxation

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 bases of 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 timing 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.

Leased assets

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease. Lease incentives received are spread over the lease term.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

All receivables are regularly reviewed and a provision for impairment of trade receivables is established when there is objective evidence that all amounts may not be collectible according to the original terms of the sales transaction.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand and at bank.

Critical judgements in applying the entity's accounting policies

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.

The Company's revenue recognition and long-term contract accounting (set out above) are central to the way the Company values the work it has carried out in each financial year. These policies require forecasts to be made of the outcomes of long-term construction and service contracts, which require assessments and judgements to be made on profit recognition, recovery of pre-contract costs, changes in work scope, contract programmes and maintenance liabilities.

2 Segmental information

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

3 Profit before taxation

	2008 £000	2007 £000
Profit before taxation is stated after charging:		
Rentals payable under operating leases:		
Land and buildings	**134**	147
Staff costs (note 5)	**4,969**	4,314

The remuneration of the auditors for the current and prior accounting years of £25,000 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 *(2007: £nil)*.

Notes to the financial statements *(continued)*

5 Staff numbers and costs

The average number of employees engaged in the activity of providing project solutions in the construction industry was 86 *(2007: 81)*. The aggregate payroll costs of these employees were as follows:

	2008 £000	2007 £000
Wages and salaries	**4,079**	3,579
Social security costs	**385**	311
Other pension costs (see note 18)	**505**	424
	4,969	4,314

All staff working for Bovis Lend Lease (Scotland) Limited are employed by Bovis Lend Lease Limited and seconded to Bovis Lend Lease (Scotland) Limited at full cost.

6 Administrative expenses

Other costs such as overheads are borne by a fellow group undertaking which recovered its costs by way of a management charge to the company. The management charge was £1,435,000 *(2007: £2,436,000)*.

7 Finance costs

	2008 £000	2007 £000
Bank interest payable	**149**	-
	149	-

8 Taxation

(a) Analysis of charge in year

	2008 £000	2007 £000
Current tax:		
UK corporation tax expense on profit for the year at 29.5% (2007: 30%)	**57**	848
Adjustments in respect of previous periods	**101**	-
Tax on profit on ordinary activities	**158**	848

Notes to the financial statements *(continued)*

8 Taxation *(continued)*

(b) Factors affecting tax charge for year

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 30% *(2007: 30%)*.

The differences are explained below:

	2008 £000	2007 £000
Profit on ordinary activities before tax	**193**	2,827
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 29.5% (2007: 30%)	**57**	848
Effects of:		
Adjustments in respect of previous periods	**101**	-
Total tax charge for year (note 8 (a))	**158**	848

(c) Factors that may affect future tax charges

Future effective tax rates may vary due to short term timing differences and dividends from subsidiaries.

9 Trade and other receivables

	2008 £000	2007 £000
Trade receivables	**2,508**	348
Amounts due from related parties	**14,586**	11,229
Other debtors	**2,017**	4,285
Loans and receivables	**19,111**	15,862
Construction contract work in progress	**798**	6,829
	19,909	22,691

The ageing of trade receivables at the reporting date was:

	2008 Gross £000	2008 Impairment £000	2007 Gross £000	2007 Impairment £000
Not past due	**2,496**	-	194	-
Past due 0-90 days	-	-	113	-
More than 90 days	**12**	-	41	-
	2,508	-	348	-

The directors believe that no impairment allowance is necessary in respect of trade receivables not past due.

Notes to the financial statements *(continued)*

10 Construction contracts

	2008	2007
	£000	£000
Contracts in progress at the balance sheet date:		
- amounts due from contract customers	798	6,829
- current amounts due to contract customers	(17,515)	(15,986)
Net amounts due from contract customers	(16,717)	(9,157)

During the year ended 30 June 2008, all revenue recognised in the income statement is derived from construction contracts.

At 30 June 2008, retentions held by customers for contract work amounted to £2,017,000 *(2007: £3,696,000)*. Contract advances received amounted to £17,515,000 *(2007: £15,986,000)*.

11 Current trade and other payables

	2008	2007
	£000	£000
Amounts due to customers for construction work	17,515	15,986
Trade payables	793	203
Amounts due to related parties	-	2,436
Corporation tax	57	848
Other creditors	3,016	2,685
	21,381	22,158

Amounts due to related parties are unsecured and have no fixed repayment terms.

12 Called up share capital

	2008	2007
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

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)*

13 Retained earnings

	2008 £000	2007 £000
At beginning of year	**5,303**	3,324
Profit for the year	**35**	1,979
At end of year	**5,338**	5,303

14 Cash flows from operating activities

	2008 £000	2007 £000
Cash flows from operating activities		
Net profit	**35**	1,979
Adjustments for:		
Tax charge	**158**	848
Finance costs	**149**	-
Changes in working capital:		
Decrease/(increase) in trade and other receivables	**6,139**	(2,763)
Increase in amounts due from related parties	**(3,357)**	(2,364)
Increase/(decrease) in trade and other payables	**2,119**	(1,116)
Decrease in amounts due to related parties	**(2,436)**	(2,168)
Increase in accruals and other liabilities	**331**	489
Cash inflow/(outflow) generated from operations	**3,138**	(5,095)

15 Commitments

Operating leases

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Land & buildings	
	2008 £000	2007 £000
Operating leases which expire:		
Within one year	**134**	134
Between one and five years	**122**	255
	256	389

Notes to the financial statements *(continued)*

16 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.

17 Financial risk management

The Company's activities expose it to a variety of financial risks: 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.

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.

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.

Credit risk
The Company has no significant concentrations of credit risk. It has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

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. Accordingly, the possibility of material loss arising in the event of non-performance by counterparties is considered to be unlikely.

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. The Company has no significant concentrations of credit risk on either a geographic or industry specific basis

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. Liquidity risk is reduced through prudent cash management which ensures sufficient levels of cash are maintained to meet working capital requirements.

The following are the contractual cash flow maturities of financial liabilities as at 30 June 2008:

30 June 2008	Carrying Amount £000	Contractual Cash flows £000	6 mths or less £000	6-12 mths £000	1-2 years £000	2-5 years £000	More than 5 years £000
Non-derivative financial liabilities							
Trade and other payables	3,866	3,866	1,288	2,578	-	-	-
Total	**3,866**	**3,866**	**1,288**	**2,578**	-	-	-

Notes to the financial statements *(continued)*

17 Financial risk management *(continued)*

Liquidity risk *(continued)*

30 June 2007	Carrying Amount £000	Contractual Cash flows £000	6 mths or less £000	6-12 mths £000	1-2 years £000	2-5 years £000	More than 5 years £000
Non-derivative financial liabilities							
Trade and other payables	6,172	6,172	3,511	2,661	-	-	-
Total	**6,172**	**6,172**	**3,511**	**2,661**	-	-	-

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 that are subject to interest rate risk are financial liabilities in the form of loans from associated companies which do not have specified repayment terms.

Interest is charged based upon an average annual rate as specified by Group treasury and it is considered that a movement in the interest rates at the reporting date would not have a material affect on profit or loss.

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 and maximise liquidity.

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

Notes to the financial statements *(continued)*

18 Pension scheme

The company participates in the Lend Lease UK Pension Scheme in respect of its employees. Contributions paid to the scheme are based on pension costs across the companies within the Lend Lease UK Pension Scheme as a whole. The scheme is a group plan for which there is no contractual agreement or stated policy for charging the costs for the plan as a whole. In accordance with IAS 19 the net defined benefit cost is recognised in the financial statements of Bovis Lend Lease Holdings Limited, the legal sponsor for the plan. Accordingly the scheme is accounted for as a defined contribution scheme in the accounts of the company. Details of this defined benefits scheme, including the level of solvency and the basis on which the future contributions rate is determined and the disclosures required under IAS 19, are set out in the financial statements of Bovis Lend Lease Holdings Limited (the company's immediate parent undertaking), which sponsors the scheme. The consolidated financial statements of this group may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff.

The latest full actuarial valuation was carried out at 31 March 2005 and was updated for IAS 19 purposes to 30 June 2008 by a qualified independent actuary who was an employee of Hewitt Bacon & Woodrow Limited. There exists a pension deficit in the scheme as at 30 June 2008 (2007: deficit). It has been agreed that an employer contribution rate of 16% of pensionable pay will apply in future years.

Subsequent to the year end the scheme has been closed to the accrual of future benefits (note 21).

For the year ended 30 June 2008 the company contributions paid to the Lend Lease UK Pension Scheme were £505,000 *(2007: £424,000).* The contributions were paid across by Bovis Lend Lease Limited and recharged to Bovis Lend Lease (Scotland) Limited.

Note 5 to the financial statements show the total cost to the company of the main schemes operating during the year.

19 Related party transactions

The following transactions were carried out with related parties:

a) Sale of goods and services:

	2008	2007
	£000	£000
Sale of goods to:		
- Associates	**(729)**	1,683
Recharge of services to:		
- Associates	**-**	-
	(729)	1,683

Goods are sold based on the price lists in force and terms that would be available to third parties. Recharges of services are negotiated with related parties on a cost-plus basis, allowing a margin reflecting standard commercial terms.

Notes to the financial statements *(continued)*

19 Related party transactions *(continued)*

b) Purchases of goods and services

	2008	2007
	£000	£000
Recharge of services by:		
- Associates	**6**	-
	6	-

Goods and services are bought from associates on normal commercial terms and conditions. Management services are recharged from the immediate, intermediate and ultimate parent on a cost-plus basis, allowing a margin reflecting standard commercial terms.

c) Key management compensation/directors

Refer to note 4.

d) Year-end balances arising from sales/purchases of goods/services

	2008	2007
	£000	£000
Receivables from related parties (note 9)		
- Associates	**59**	-
	59	-

The receivables from related parties arise mainly from sale transactions and are due 1 month after the date of sales. The receivables are unsecured in nature and bear no interest.

The payables arise mainly from purchase transactions and are due 1 month after the date of purchase. The payables bear no interest.

The above disclosures exclude all short and long term funding between the Company and its associates, including transactions paid by the Company and recharged to the relevant party. The total of these balances are included within the disclosures of note 9 and 11.

20 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, Maindy, Cardiff.

Notes to the financial statements *(continued)*

21 Post balance sheet event

Subsequent to 30 June 2008 the terms of the Lend Lease UK Pension Scheme were amended to close the scheme to the accrual of future benefits with effect from 31 August 2008. An actuarial assessment of the benefit arising from the closure of the Scheme is disclosed in the financial statements of Bovis Lend Lease Holdings Limited (the Company's immediate parent undertaking) which is the legal sponsor of the scheme.