

Bovis Lend Lease (Scotland) Limited

Directors' report and
financial statements
Registered number 89468
30 June 2001



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 2001.

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 retained profit for the period was £1,108,711 (2000: loss £1,879,074).

Proposed dividend

The directors do not recommend the payment of a final dividend for the year (2000: £nil) and no interim dividends were paid during the year (2000: £3,038,000).

Directors and directors' interests

Set out below are the directors who served during the year:

GB Ash
JC Ballantyne
D Bate
HF Downie (resigned 30 November 2000)
HB Thorburn
GA Anderson
AC Mack
AD Silverbeck (appointed 1 July 2000)
B McQuade (appointed 19 April 2001)

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.

No other directors served during the year.

Change of address

On 24 July 2000 the company changed its registered office from 34, Saint Enoch Square to 33, Bothwell Street, Glasgow, Scotland G2 6NL.



PR Chadwick
Company secretary

33 Bothwell Street
Glasgow
Scotland G2 6NL

31 January 2002

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which 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 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
PO Box 695
8 Salisbury Square
London
EC4Y 8BB

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

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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 transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the company's affairs as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditor

1 February 2002

Profit and loss account
for the year ended 30 June 2001

	<i>Note</i>	Year ended 30 June 2001 £	18 month period ended 30 June 2000 £
Turnover	2	62,597,794	79,077,318
Cost of sales		(61,423,058)	(77,695,080)
Gross profit		1,174,736	1,382,238
Administrative expenses		(133,387)	(95,387)
Operating profit		1,041,349	1,286,851
Other interest receivable and similar income	6	548,362	327,977
Profit on ordinary activities before taxation	3	1,589,711	1,614,828
Tax on profit on ordinary activities	7	(481,000)	(455,902)
Profit on ordinary activities after taxation		1,108,711	1,158,926
Dividends paid	8	-	(3,038,000)
Retained profit/(loss) for the financial year		1,108,711	(1,879,074)
Retained profit brought forward		1,159,747	3,038,821
Retained profit carried forward		2,268,458	1,159,747

No operations were acquired or discontinued during the year (2000: 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 (2000: £nil) other than those shown above.

Balance sheet

as at 30 June 2001

	Note	30 June 2001 £	30 June 2000 £
Current assets			
Debtors	9	2,422,307	7,889,397
Cash at bank and in hand		21,806,511	-
		<hr/>	<hr/>
		24,228,818	7,889,397
Creditors: amounts falling due within one year	10	(21,960,260)	(6,729,550)
		<hr/>	<hr/>
Net assets		2,268,558	1,159,847
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account		2,268,458	1,159,747
		<hr/>	<hr/>
Equity shareholders' funds	13	2,268,558	1,159,847
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 31 January 2002 and were signed on its behalf by:



D Bate
Director

Notes

(forming part of 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 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 profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise.

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.

Notes (continued)

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

	Year ended 30 June 2001 £	18 month period ended 30 June 2000 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Rentals payable under operating leases	90,315	112,484

The remuneration of the auditors for the current and prior accounting periods has been borne by the immediate parent undertaking.

4 Remuneration of directors

The directors did not receive any remuneration from the company for their services during the year (2000: £nil).

5 Staff numbers and costs

The company did not directly employ any staff during the year (2000: nil).

The remuneration and pension contributions of staff and directors are borne by the immediate parent undertaking which recovered their costs by way of a management charge to the company. The management charge was £4,806,085 (2000: £9,308,605).

6 Other interest receivable and similar income

	Year ended 30 June 2001 £	18 month period ended 30 June 2000 £
Bank interest	548,362	327,977

Notes (continued)

7 Taxation

	Year ended 30 June 2001 £	18 month period ended 30 June 2000 £
UK corporation tax charge at 30% (2000: 30.2%) on the profit for the year on ordinary activities	529,000	540,000
Deferred taxation	(48,000)	(40,000)
Over provision in prior years	-	(44,098)
	<u>481,000</u>	<u>455,902</u>

8 Dividends paid

	Year ended 30 June 2001 £	18 month period ended 30 June 2000 £
Interim dividends paid	-	3,038,000
	<u>-</u>	<u>3,038,000</u>

9 Debtors

	30 June 2001 £	30 June 2000 £
Trade debtors	1,344,880	1,265,939
Amounts recoverable on contracts	678,502	1,263,831
Amounts owed by parent and fellow subsidiary companies	-	5,206,266
Prepayments and accrued income	199,925	2,361
Deferred taxation asset	199,000	151,000
	<u>2,422,307</u>	<u>7,889,397</u>

The amounts provided for deferred taxation are set out in note 11.

Notes (continued)

10 Creditors: amounts falling due within one year

	30 June 2001 £	30 June 2000 £
Bank loans and overdrafts	-	327,540
Payments received on account	7,457,015	2,984,320
Trade creditors	7,791,953	2,005,727
Amounts owed to parent and fellow subsidiary undertakings	5,357,998	18,872
Corporation tax	1,069,000	540,000
Other creditors including taxation and social security	247,756	826,688
Accruals and deferred income	36,538	26,403
	<u>21,960,260</u>	<u>6,729,550</u>

11 Deferred taxation asset

	30 June 2001 £	30 June 2000 £
At beginning of year	151,000	111,000
Credit for the year in the profit and loss account	48,000	40,000
At end of year	<u>199,000</u>	<u>151,000</u>

The deferred tax asset relates to short term timing differences.

There is no unprovided deferred taxation.

12 Called up share capital

	30 June 2001 £	30 June 2000 £
<i>Authorised, allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

13 Reconciliation of movement in equity shareholders' funds

	Year ended 30 June 2001 £	18 month period ended 30 June 2000 £
Opening equity shareholders' funds	1,159,847	3,038,921
Retained profit/(loss) for the financial year	1,108,711	(1,879,074)
Closing equity shareholders' funds	<u>2,268,558</u>	<u>1,159,847</u>

Notes (continued)

14 Commitments

Annual commitments under operating leases are as follows:

	Land and buildings	
	30 June 2001	30 June 2000
	£	£
Operating leases which expire:		
Within one year	-	91,935
Between one and five years	85,320	340,840
	<hr/>	<hr/>
	85,320	432,775
	<hr/>	<hr/>

15 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.

16 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 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 46, Australia Square, George Street, Sydney, Australia.

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.