

Company registration number: 546581

Lehrer McGovern International Limited

Annual Report and Financial Statements

for the year ended 30 June 2018

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Lehrer McGovern International Limited

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Lehrer McGovern International Limited

Directors' Report for the Year Ended 30 June 2018

The directors of Lehrer McGovern International Limited present their report for the financial year ended 30 June 2018.

Directors of the company

The following persons held office as directors of the Company during the financial year and up to the date of this report:

P Leonard (appointed 20 February 2018)

N Martin

C Pettett (appointed 20 February 2018)

J Clark (resigned 20 February 2018)

G Ray (resigned 28 February 2018)

Results

The Company's profit after tax for the year was £639 (2017: £1,695).

Dividends

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

Political donations

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

Financial risk management

Information about the Company's financial risks, the Company's objectives, policies and processes for measuring and managing financial risk are detailed in note 12 to the financial statements.

Research and development

Innovation is part of the Lendlease Group's heritage and is embedded in the approach to business.

Outlook

It is the intention of the directors to wind the company up within the next financial period.

Events after the balance sheet date

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

We have identified the following indicators of likely future developments in the business, and events and circumstances since the end of the financial year:

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Lehrer McGovern International Limited

Directors' Report for the Year Ended 30 June 2018 (continued)

Reappointment of auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 15 October 2018 and signed on its behalf by:


.....
C Pettett
Director

Lehrer McGovern International Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (IFRSs as adopted by the EU).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the Members of Lehrer McGovern International Limited

Opinion

We have audited the financial statements of Lehrer McGovern International Limited (the "Company") for the year ended 30 June 2018, which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies in note 3.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - non going concern basis of preparation

We draw attention to the disclosure made in note 2 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Directors' report

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

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Independent Auditors' Report to the Members of Lehrer McGovern International Limited (continued)

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.


Auditors' responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.


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

Date: 16 October 2018
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Lehrer McGovern International Limited

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

	<u>Note</u>	<u>2018 £</u>	<u>2017 £</u>
Revenue		-	-
Administrative expenses		-	(684)
Results from operating activities		-	(684)
Finance income	5	789	2,481
Net finance income		789	2,481
Profit before tax		789	1,797
Income tax expense	8	(150)	(102)
Profit after tax		639	1,695
Other comprehensive expense after tax			
Total comprehensive income after tax		639	1,695

The above results were derived from continuing operations.

The notes to and forming part of these financial statements are set out on pages 10 to 18.

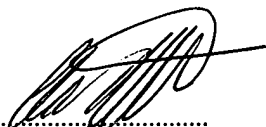
Lehrer McGovern International Limited

Statement of Financial Position as at 30 June 2018

	Note	2018 £	2017 £
Total non current assets		-	-
Current assets			
Trade and other receivables	9	83,746	83,369
Total current assets		83,746	83,369
Total non current liabilities		-	-
Current liabilities			
Trade and other payables	10	-	(84)
Current tax payable	8	(505)	(683)
Total current liabilities		(505)	(767)
Net assets		83,241	82,602
Equity			
Issued capital	11	100,000	100,000
Retained earnings		(16,759)	(17,398)
Total equity		83,241	82,602

The notes to and forming part of these financial statements are set out on pages 10 to 18.

These statements were approved by the Board on 15 October 2018 and were signed on its behalf by:



.....
C Pettett

Director

Company Registration Number: 546581

Lehrer McGovern International Limited

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

	Share capital £	Retained earnings £	Total £
At 1 July 2016	100,000	(19,093)	80,907
Total comprehensive income			
Profit for the year	-	1,695	1,695
Total comprehensive income	-	1,695	1,695
At 30 June 2017	100,000	(17,398)	82,602

	Share capital £	Retained earnings £	Total £
At 1 July 2017	100,000	(17,398)	82,602
Total comprehensive income			
Profit for the year	-	639	639
Total comprehensive income	-	639	639
At 30 June 2018	100,000	(16,759)	83,241

The notes to and forming part of these financial statements are set out on pages 10 to 18.

Lehrer McGovern International Limited

Statement of Cash Flows for the Year Ended 30 June 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit for the year		639	1,695
<i>Adjustments to cash flows from non-cash items:</i>			
Finance income	5	(789)	(2,481)
Income tax expense	8	150	102
		-	(684)
Working capital adjustments			
Increase in trade and other receivables	9	(377)	(3,041)
(Decrease)/increase in trade and other payables	10	(412)	52
Cash generated from operations		(789)	(3,673)
Income taxes paid	8	-	(84)
Net cash inflow/(outflow) from operating activities		(789)	(3,757)
Cash flows from investing activities			
Interest received	5	789	2,481
Net cash inflow/(outflow) from investing activities		789	2,481
Net cash inflow/(outflow) from financing activities		-	-
Net decrease in cash and cash equivalents		-	(1,276)
Cash and cash equivalents at beginning of year		-	1,276
Cash and cash equivalents at end of year		-	-

The notes to and forming part of these financial statements are set out on pages 10 to 18.

Lehrer McGovern International Limited

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

1 General information

Lehrer McGovern International Limited (the "Company") is a private company limited by share capital incorporated and domiciled in United Kingdom. The company registration number is 546581.

The address of its registered office is:

20 Triton Street

Regent's Place

London

NW1 3BF

United Kingdom

The principal activity is as a provider of project solutions in the construction industry.

2 Basis of preparation

Basis of preparation

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

The financial statements have been prepared in accordance with adopted IFRSs and under the historical cost basis except for the following assets and liabilities, which are stated at their fair value: derivative financial instruments, fair value through profit or loss investments, investment properties, and liabilities for cash settled share based compensation plans.

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

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

Significant accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Changes in accounting policy

Going concern

As it is the intention of the directors to wind up the Company within the next financial period, the directors have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

Lehrer McGovern International Limited

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

2 Basis of preparation (continued)

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements that comply with IFRS requires management to make judgements, estimates and assumptions which can affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis and revisions are recognised prospectively. Accounting judgements that have the most significant effects on reported amounts and further information about estimated uncertainties are highlighted in the relevant accounting policy in note 3.

3 Accounting policies

Finance income and costs

Finance income is recognised as it is earned using the effective interest method, which applies the interest rate that discounts estimated future cash receipts over the expected life of the financial instrument. The discount is then recognised as finance revenue over the remaining life of the financial instrument.

Finance costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of costs incurred in connection with the arrangement of new borrowings facilities. Costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings. Finance costs are expensed immediately as incurred unless they relate to acquisition and development of qualifying assets. Qualifying assets are assets that take more than six months to prepare for their intended use or sale. Finance costs related to qualifying assets are capitalised.

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

Taxation

Income tax on the profit or loss for the period comprises current tax. Income tax is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the financial year, using applicable tax rates (and tax laws) at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous financial years. The current tax payable or receivable includes amounts awaiting settlement of group relief with other Lendlease Europe Holdings Limited subsidiary entities.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, bank overdrafts and other short term highly liquid investments that are readily convertible to known amounts of cash within three months and which are subject to an insignificant risk of changes in value. Bank overdrafts (if applicable) are shown as a current liability on the Statement of Financial Position and are shown as a reduction to the cash balance in the Statement of Cash Flows.

Lehrer McGovern International Limited

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

3 Accounting policies (continued)

Trade and other receivables

Trade and other receivables are non derivative financial assets with fixed or determinable payments that are not equity securities. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable.

Trade and other receivables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash receipts over the term of the receivables. Cash flows relating to short term trade and other receivables are not discounted if the effect of discounting is immaterial. The discount, if material, is then recognised as finance income over the remaining term.

The Company assesses provision for impairment of the receivables based on expected loss, if material. The Company considers reasonable and supportable information that is relevant and reliable. This includes both quantitative and qualitative information and analysis, based on the Company's historical impairment experience, credit assessment of customers and any relevant forward-looking information. The amount of provision is recognised in the Statement of Profit or Loss.

Trade and other payables

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Trade and other payables are settled in the normal course of business. Trade and other payables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash outflows over the term of the trade and other payables. Cash flows relating to short term trade and other payables are not discounted if the effect of discounting is immaterial. The discount, if material, is then recognised as a finance cost over the remaining term.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

4 Auditors' remuneration

	2018 £	2017 £
Audit of financial statements	(6,199)	(1,100)

The auditors' remuneration has been borne by a fellow group undertaking.

Lehrer McGovern International Limited

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

5 Finance income and costs

	2018	2017
	£	£
Finance income		
Interest receivable from related parties	789	2,481
Total finance income	789	2,481
Total finance costs	-	-
Net finance income	789	2,481

6 Employees

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

7 Directors' remuneration

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

P Leonard: Lendlease Construction (Europe) Limited
N Martin: Lendlease Construction (Europe) Limited
C Pettett: Lendlease Construction (Europe) Limited

Any qualifying services in respect of the Company are considered to be incidental and part of the directors' overall management services within the above entities. Their remuneration for the current year and prior year was paid by and included in the financial statements of the above entities.

8 Taxation

Tax charged in the Statement of Profit or Loss

	2018	2017
	£	£
Current tax		
Current year	(150)	(355)
Adjustments for prior years	-	253
Total current tax	(150)	(102)
Total deferred tax	-	-

Lehrer McGovern International Limited

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

8 Taxation (continued)

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

The differences are reconciled below:

	2018 £	2017 £
Profit before tax	789	1,797
Income tax using the domestic corporation tax rate 19% (2017: 19.75%)	(150)	(355)
Effect of different UK tax rates on some earnings	-	253
Total income tax charge	(150)	(102)

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

9 Trade and other receivables

	2018 £	2017 £
Current		
Amounts owing from related parties	83,746	83,369
Non current		
Net trade receivables	-	-
Total trade and other receivables	83,746	83,369

10 Trade and other payables

	2018 £	2017 £
Current		
Amounts due to related parties	-	(84)
Current trade and other payables	-	(84)
Non current trade and other payables	-	-

The Company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 12 "Financial risk management and impairment of financial assets".

Lehrer McGovern International Limited

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

11 Issued capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The holder of ordinary shares have the right to receive declared dividends from the Company and are entitled to one vote per share at meetings of the Company.

12 Financial risk management

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

Market risk

Interest rate risk

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

Credit risk

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

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

Lehrer McGovern International Limited

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

12 Financial risk management (continued)

Liquidity risk

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

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

Capital risk management

The Company assesses its capital management model as part of the broader Lendlease Group Board's strategic plan. When investing capital, the Company's objective is to deliver strong shareholder returns and to continue to generate high levels of liquid assets in line with the Lendlease Corporation capital management goals.

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

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

13 Related party transactions

13.1 Summary of transactions with related parties

Summary of transactions with parent entities

Transactions with the parent entity include a loan to fund working capital. Interest was incurred on this balance during the year at a rate of 1% (2017: LIBOR + 2.45%). Loans outstanding at the end of the period can be recalled at any time.

Summary of transactions with other related parties

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

	2018 £	2017 £
Finance income:		
Parent entities	788	-
Other related parties	-	2,481
Total finance income	788	2,481

Lehrer McGovern International Limited

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

13 Related party transactions (continued)

13.2 Related party receivables

	2018 £	2017 £
Parent entities	83,746	-
Other related parties	-	83,369
Total related parties receivables	83,746	83,369

13.3 Related party payables

	2018 £	2017 £
Parent entities	-	(84)
Total related party payables	-	(84)

14 Parent and ultimate parent undertaking

The Company's immediate parent is Lendlease Construction (Europe) Limited.

The ultimate parent is Lendlease Corporation Limited.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Lendlease Corporation Limited, incorporated in Australia.

The address of Lendlease Corporation Limited is:

Level 14 Tower Three
International Towers Sydney
Exchange Place
300 Barangaroo Avenue
Barangaroo NSW 2000

The consolidated financial statements of that group may be obtained from www.lendlease.com.

The parent of the smallest group in which these financial statements are consolidated is Lendlease Europe Holdings Limited, incorporated in England and Wales.

The address of Lendlease Europe Holdings Limited is:

20 Triton Street
Regent's Place
London NW1 3BF

Lehrer McGovern International Limited

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

14 Parent and ultimate parent undertaking (continued)

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

The Registrar of Companies

Companies House

Crown Way

Maindy, Cardiff.

15 Subsequent events

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