

**Blueco Limited**

**Directors' report and  
financial statements**

30 June 2010

Registered number 3196199

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## **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 2010

### **Results and dividends**

The profit for the year after taxation amounted to £14,618,860 (2009 £6,688,436)

The company has paid an interim dividend in the year of £nil (2009 £nil) The directors do not propose a final dividend (2009 £nil)

### **Principal activities and business review**

The principal activity of Blueco Limited is property development

The company is exposed to credit risk and interest rate risk, however, these risks are not considered material

The company's principal financial assets are cash, trade and other receivables therefore the credit risk it faces is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of doubtful receivables. An allowance for impairment is made when there is objective evidence that the company will not be able to collect all amounts according to the original terms of the receivables concerned

On 30 June 2010 the impairment provision of £2 356,696 raised in the prior year to cover the full costs incurred on the Bluewater Events Venue Project was reversed as the project has progressed during the financial year

### **Directors**

The directors of the company during the year were as follows

M Boor  
G Kondo  
C S Matheson  
S K Grist (appointed 7 February 2011)  
S Mosely  
R M Cable (appointed 15 October 2009)  
J D Scott (resigned 31 May 2010)

Subsequent to year end the following changes in directorships occurred

S K Grist (appointed 7 February 2011)  
S Mosely (resigned 7 February 2011)

### **Political and charitable contributions**

The Company made no political or charitable contributions during the year (2009 £nil)

## **Directors' report** *(continued)*

### **Statement as to 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 he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### **Auditors**

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

On behalf of the Board



**C S Matheson**  
*Director*

2011

142 Northolt Road,  
Harrow, Middlesex  
29 March HA2 OEE

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## **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 IFRSs as adopted by the EU and applicable law.

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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Report of the independent auditor's to the members of Blueco Limited**

We have audited the financial statements of Blueco Limited for the year ended 30 June 2010 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Report of the independent auditors to the members of Blueco Limited (*continued*)**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**William Meredith**

**(Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

15 Canada Square London, E14 5GL

29<sup>th</sup> March 2011

## Statement of comprehensive income

*for the year ended 30 June 2010*

	<i>Note</i>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
Revenue	2	23 195,603	26,061,024
Other income		-	162,187
Cost of sales		(701,125)	(851,300)
<b>Gross profit</b>		<b>22,494,478</b>	<b>25,371,911</b>
Administrative expenses		(1,076,518)	(1,075,151)
Reversal of / (provision for) inventory impairment	8	2 356 696	(2,356,696)
<b>Profit before interest and taxation</b>		<b>23 774,656</b>	<b>21,940,064</b>
Financial income		-	8,295
Financial expense	5	(3 470 683)	(12 658 865)
<b>Profit on ordinary activities before taxation</b>		<b>20 303,973</b>	<b>9 289 494</b>
Tax on profit on ordinary activities	6	(5 685 113)	(2 601 058)
<b>Profit on ordinary activities after taxation and total comprehensive income</b>		<b>14,618,860</b>	<b>6 688,436</b>

All activities are continuing

There is no difference between the profit as reported and the profit on a historical cost basis

The notes to and forming part of the financial statements are set out on pages 10 to 16



## Balance sheet

at 30 June 2010

	<i>Note</i>	<b>2010</b> £	<b>2009</b> £
<b>Non current assets</b>			
Non current receivables	7	5 755 317	3,745,467
<b>Total non-current assets</b>		<u>5 755,317</u>	<u>3 745 467</u>
<b>Current assets</b>			
Development property	8	255,042,031	249 990,338
Trade and other receivables	9	1 711 317	910,700
Cash		1,204,505	500
		<u>257 957 853</u>	<u>250 901 538</u>
<b>Total assets</b>		<u>263 713,170</u>	<u>254,647 005</u>
<b>Current liabilities</b>			
Trade and other payables	10	(93 248 246)	(98 800 941)
		<u>(93 248 246)</u>	<u>(98 800 941)</u>
<b>Non current liabilities</b>			
Interest bearing borrowings	11	(82 147 858)	(82,147,858)
		<u>(82 147,858)</u>	<u>(82 147,858)</u>
<b>Total liabilities</b>		<u>(175 396 104)</u>	<u>(180 948 799)</u>
<b>Net assets</b>		<u>88,317 066</u>	<u>73 698 206</u>
<b>Capital and reserves</b>			
Called up share capital	12	60 000 010	60 000 010
Retained earnings		28 317,056	13,698,196
<b>Equity shareholders' funds</b>		<u>88,317 066</u>	<u>73,698,206</u>

The notes to and forming part of these financial statements are set out on pages 10 to 16

These financial statements were approved by the board of directors on 29 March 2011 and were signed on its behalf by

**C S Matheson**  
*Director*



**Statement of changes in equity**  
*for the year ended 30 June 2010*

	Attributable to shareholders		
	Share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 July 2008	60,000 010	7 009 760	67 009 770
Retained profit for the year	-	6,688 436	6,688,436
<b>Balance at 30 June 2009</b>	<b>60,000,010</b>	<b>13,698,196</b>	<b>73,698,206</b>
Balance at 1 July 2009	60,000,010	13 698 196	73,698,206
Retained profit for the year	-	14 618,860	14 618 860
<b>Balance at 30 June 2010</b>	<b>60,000,010</b>	<b>28,317,056</b>	<b>88,317,066</b>

## Cash flow statement

*for the year ended 30 June 2010*

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Profit for the year	14 618 860	6 688 436
<i>Adjustments to reconcile profit for the year to net cash inflow from operating activities</i>		
Net finance costs	3 470 683	12,650,570
Income tax expense	5 685,113	2,601,058
(Reversal of) / Provision for impairment	(2,356,696)	2 356 696
	<hr/>	<hr/>
<b>Operating profit before changes in working capital</b>	21,417,960	24 296 760
(Increase) / decrease in trade and other receivables	(2 810,468)	3 649,395
Increase in development property	(2 694 997)	(475 379)
Decrease in trade and other payables	(5 552 694)	(12 471 444)
Income tax paid	(5 685 113)	(2 601 058)
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	4 674,688	12,398,274
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Interest received	-	8,295
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	-	8 295
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Interest paid	(2 963 631)	(12 343 191)
Other borrowing costs paid	(507 052)	(315,674)
	<hr/>	<hr/>
<b>Net cash from financing activities</b>	(3 470 683)	(12 658 865)
	<hr/>	<hr/>
<b>Increase in cash and cash equivalents</b>		
Net increase in cash and cash equivalents	1 204,005	(252 296)
Cash and cash equivalents at 1 July	500	252,796
	<hr/>	<hr/>
<b>Cash and cash equivalents at 30 June</b>	1,204,505	500
	<hr/>	<hr/>

## Notes to the financial statements

### 1 Accounting policies

Blueco Limited is a company incorporated in the UK

The Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs")

#### ***Revenue***

Revenue is rental income stated net of direct property costs and value added tax

#### ***Interest-bearing borrowings***

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

#### ***Trade and other receivables***

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

#### ***Development property***

Property acquired for development and sale in the ordinary course of business is carried at cost to date. Interest is capitalised to individual holdings where the project is externally financed. The net recoverable amount of each material holding is assessed annually by independent valuers and a provision for diminution in value is made where cost exceeds the valuation. Where the valuation is made on a completion basis, estimated costs to completion are considered in this valuation.

#### ***Borrowing costs***

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and foreign exchange differences net of hedged amounts on borrowings. Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets that take more than six months to prepare for their intended use or sale. In these circumstances, borrowing costs are capitalised to the costs of the assets. Where funds are borrowed specifically for the acquisition or construction of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to that borrowing. To the extent that funds are borrowed generally, the amount of borrowing costs capitalised is calculated by applying a capitalisation rate to the expenditures on that asset.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### *Taxation*

Tax on the profit for the year comprises current tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the Cash Flow Statement.

#### *Key estimates and judgements*

These accounts are prepared under IFRSs as adopted by the EU. The choice of accounting policies involves, in some cases, management evaluating and choosing the policy that gives the most true and fair view. The most relevant to the Company is in relation to the valuation of development property.

#### *New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations have been issued that are effective or not yet effective for the year ended 30 June 2010, but have not been applied in preparing these financial statements. None of these have a material effect on the financial statements of the Company.

### 2 Revenue

Revenue is stated net of value added tax and is derived from the following sources:

	2010 £	2009 £
Net rental income	23,195,603	26,061,024

All revenue was attributable to the United Kingdom.

### 3 Directors' remuneration and employees

The directors did not receive any emoluments in respect of their services to the company (2009: £nil).

The company employed no staff in the year (2009: nil).

### 4 Auditors' remuneration

Auditors' remuneration in respect of audit and other fees was paid by Lend Lease Europe Limited, the immediate parent undertaking.

The directors estimate the audit fee attributable to the company is £10,500 (2009: £10,500). The auditors were also paid £7,569 (2009: £7,500) for non-statutory audit work.

## Notes to the financial statements *(continued)*

### 5 Finance expense

	2010 £	2009 £
Bank loans and overdraft	2,963,631	12 343 191
Other borrowing costs	507 052	315,674
	<u>3,470 483</u>	<u>12,658,865</u>

### 6 Taxation

#### Recognised in the income statement

	2010 £	2009 £
Current year tax expense	5,685,113	2 601 058
	<u>5,685 113</u>	<u>2 601 058</u>

#### Reconciliation of the total tax charge

	2010 £	2009 £
Profit on ordinary activities before tax	20 303 973	9,289 494
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (2010 28% 2009 28%)	5 685 113	2 601 058
	<u>5,685 113</u>	<u>2,601,058</u>

There is no unprovided deferred tax

The above tax calculation is an estimate prepared at the time of signing the financial statements. Any adjustments subsequently agreed with the Inland Revenue will be reflected in the financial statements for the period in which such agreement is reached.

## Notes to the financial statements (continued)

### 7 Non current receivables

	2010 £	2009 £
Prepayments due after one year	5,755,317	3,745,467
	<u>5,755,317</u>	<u>3,745,467</u>

### 8 Development property

	2010 £	2009 £
Bluewater development at cost at 1 July	252,347,034	251,871,655
Additions	338,301	475,379
Bluewater development at cost at 30 June	<u>252,685,335</u>	<u>252,347,034</u>
Less: Provision for impairment	-	(2,356,696)
Add: Reversal of impairment	2,356,696	
	<u>255,042,031</u>	<u>249,990,338</u>

Included in the balance above is capitalised interest of £7,040,000 (2009: £7,040,000)

On 30 June 2010 the impairment provision of £2,356,696 raised to cover the full costs incurred on the Bluewater Events Venue Project was reversed as the project progressed during the financial year

### 9 Trade and other receivables

	2010 £	2009 £
Prepayments and accrued income	942,071	888,910
Other debtors	339,590	21,790
Taxation and social security	429,656	-
	<u>1,711,317</u>	<u>910,700</u>

## Notes to the financial statements (continued)

### 10 Trade and other payables

	2010 £	2009 £
Amounts owed to Lend Lease Europe Limited	90 188,219	96 187 500
Taxation and social security	-	1 493 853
Accruals and deferred income	3 060,027	1,119,588
	<u>93 248 246</u>	<u>98,800 941</u>

### 11 Interest bearing borrowings

	2010 £	2009 £
Finance lease payable (due after 5 years)	82 147 858	82,147,858
	<u>82 147 858</u>	<u>82,147,858</u>

### 12 Called up share capital

	2010 £	2009 £
<i>Authorised</i>		
60 000 100 Ordinary shares of £1	60 000,100	60 000 100
	<u>60 000,100</u>	<u>60 000 100</u>
<i>Allotted, called up and fully paid</i>		
60 000,010 Ordinary shares of £1	60 000 010	60 000 010
	<u>60 000 010</u>	<u>60 000 010</u>

### 13 Financing risk management

The company has exposure to credit risk and interest rate risks. This note presents information about the company's exposure to financial risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

#### *Credit Risk*

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Company is compliant with the Lend Lease Consolidated Group's framework for risk management including credit risk. There are no significant concentrations of external credit risk with the Company's exposure to only Lend Lease Consolidated Group related parties.



## Notes to the financial statements (continued)

### 13 Financing risk management (continued)

#### Interest Rate Exposure

The Company's policy is to manage interest rate risk that impacts directly on the Group's assets and liabilities

	Effective interest rate	Floating interest rate £	Non interest bearing £	Total £
<b>As at 30 June 2010</b>				
<b>FINANCIAL ASSETS</b>				
Non current prepayments and accrued income		-	5 755,317	5,755,317
Cash	0%	1,204 505	-	1 204 505
Prepayments and accrued income		-	942 071	942,071
Taxation and social security		-	429 656	429,656
Other debtors		-	339 590	339 590
		<u>1 204 505</u>	<u>7 466 634</u>	<u>8 671 139</u>

	Effective interest rate	Floating interest rate £	Non interest bearing £	Total £
<b>As at 30 June 2010</b>				
<b>FINANCIAL LIABILITIES</b>				
Amounts owed to group undertakings	2 04%	90 188 219	-	90,188,219
Accruals and deferred income		-	3 060,027	3,060 027
Non current- other payables	1 57%	82 147 858	-	82,147 858
		<u>172 336 077</u>	<u>3 060 027</u>	<u>175,396 104</u>

## Notes to the financial statements (continued)

### 13 Financing risk management (continued)

#### Financial Instruments – Interest Rate Exposure (continued)

	Effective interest rate	Floating interest rate £	Non interest bearing £	Total £
<b>As at 30 June 2009</b>				
<b>FINANCIAL ASSETS</b>				
Non current prepayments and accrued income		-	3,745,467	3 745 467
Cash	0%	500	-	500
Prepayments and accrued income		-	888 910	888,910
Other debtors		-	21,790	21 790
		500	4 656 167	4 656,667
<b>FINANCIAL LIABILITIES</b>				
Amounts owed to group undertakings	2.15%	96,187,500	-	96 187,500
Taxation and social security		-	1,493,853	1 493,853
Accruals and deferred income		-	1 119 588	1 119,588
Non current- other payables	1.65%	82 147 858	-	82 147 858
		178 335 358	2 613 441	180 948 799

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

The company's immediate parent undertaking is Lend Lease Bluewater Limited which is registered in England and Wales. The ultimate parent undertaking of the company 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 that group may be obtained from [www.lendlease.com.au](http://www.lendlease.com.au)

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

### 15 Subsequent events

There have been no significant post balance sheet events.