

**TRILLIUM HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

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## **TRILLIUM HOLDINGS LIMITED**

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## **TRILLIUM HOLDINGS LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016**

The directors present their strategic report for Trillium Holdings Limited (the "company") and its subsidiaries (together, the "group") for the year ended 31 March 2016.

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

The principal activity of the company is that of a holding company. The group is principally engaged in the ownership and management of a portfolio of properties based in the UK. The group's principal tenants are public sector and large corporate organisations. The group operates in two main areas: long-term property partnerships and investments. The main property partnership contracts are as follows:

The provision of property and other services to the Department for Work and Pensions (DWP) under a 20 year contract, ending March 2018, designed to outsource all aspects of ownership and operation of the occupational property estate of the DWP.

A 25 year corporate outsourcing contract with Aviva to manage and improve its core occupational estate. The range of services provided includes planned and reactive maintenance, life-cycle capital expenditure and capital projects.

A 20 year outsourcing contract with the Driver and Vehicle Licensing Agency (DVLA) incorporating life-cycle capital expenditure, estates management and facilities management across its entire UK property estate.

Certain subsidiaries of the group, together with members of the wider Telereal Trillium group of companies, provide property management services through the leasing of specialised and general purpose properties to British Telecommunications Plc (BT).

It also acts as an agent for Barclays Bank Plc (Barclays) in the management of a surplus leasehold property portfolio as part of a property outsourcing contract. The group has no interest in the properties but assumes the responsibility associated with the surplus leasehold properties.

In addition, the group owns a portfolio of leasehold and freehold properties previously owned by the Royal Mail Group. Royal Mail occupies the space it requires in these buildings and the company manages the subtenants and vacant space. The group has continued in the period to hold leaseholds and freeholds and receive rentals from Royal Mail and subtenants.

The group reported total comprehensive income for the year of £116,108,000 (2015: £144,172,000) in the year ended 31 March 2016.

Turnover in the year decreased to £647,397,000 (2015: £675,266,000) as a consequence of property vacations, disposals and reduced contractual income.

Operating profit was £143,524,000 (2015: £208,415,000), the decrease largely arising from the annual review of the group's onerous lease liabilities. In the prior year, part of the onerous lease provision as at 31 March 2015 had been released, resulting in exceptional income of £76,939,000. The release was made due to improvement of the London and regional office markets, evidenced by improved lettings and higher sublet rents during the year, the consequence being that the outlook for future cash flows was deemed more positive. In the current year, the release of the onerous provision has resulted in a significantly lower income of £5,003,000.

Offsetting this are net charges arising from the disposal of valuation movements in property and furniture.

The group's investment and operating properties were revalued at 31 March 2016, resulting in a combined expense of £25,856,000 (2015: £1,388,000 income) to consolidated statement of comprehensive income. The group's DWP contract furniture was also revalued, resulting in an income of £17,434,000 (2015: £5,856,000 expense) to operating costs. There was a further loss on disposal of properties of £1,761,000 (2015: £22,354,000).

There were no disposals of subsidiaries in the current year. During the prior year, as part of a group reorganisation, one of the company's subsidiary undertakings was sold to a member of the wider Telereal Trillium group of companies resulting in a loss on disposal of £2,430,000.

## **TRILLIUM HOLDINGS LIMITED**

### **GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2016 Principal activities and business review (continued)**

Subsequent to prior year end, the group had an adjudication awarded against it in respect of a previous financing. The directors felt it was prudent to recognise the award as an exceptional item of £25,078,000. In the current year, the amount was paid over. The company is pursuing the matter through arbitration and remains confident of success.

At 31 March 2016, the group's total equity was £632,276,000 (2015: £518,980,000), an increase of £113,296,000 since the prior year.

Total tangible fixed assets and investment properties decreased by £13,653,000 during the year, as a result of disposals with a carrying amount of £6,513,000 coupled with a revaluation deficit of £25,856,000 and depreciation of £18,149,000. This has been off-set by a revaluation surplus of £17,434,000 on furniture.

The increase in amounts owed from group undertakings of £30,623,000 in the year resulted in increased net current assets of £614,797,000 (2015: £484,670,000).

At the year end, the group's non-controlling interest was £648,000 (2015: £1,350,000).

#### **Principal risks and uncertainties**

The directors are conscious of the prevailing conditions in the UK economy, and the risks and uncertainties faced by property companies in general. In summary, the directors consider the group to be well organised and consider the impact of these risks to be low. This may provide competitive advantage to the group during the current financial year, as considered in more detail below.

#### **Property Risk**

As an investor in property the group is exposed to potential reductions in the value of its properties and reduction in rental values. However, the directors consider the risk of adverse changes in property values and rental incomes to be low, as greater than 90% of the income is derived from significant medium and long term leases with government departments and large corporate organisations.

#### **Taxation Risk**

The company is exposed to tax risks resulting from changes in tax legislation and the interpretation of tax legislation, which may expose the company to a reduction in post-tax income. The tax affairs of the company and group are in good order and the directors and senior management of the group are committed to maintaining an open and transparent dialogue with HM Revenue & Customs.

#### **Credit Risk**

The group's principal financial assets are bank balances, treasury bills, trade and other assets and loans to other undertakings.

##### *Trade and other debtors*

Debtors are presented in the balance sheet net of allowances for doubtful debts. The group seeks to only trade with creditworthy third parties and monitors the levels of debt on a regular basis. The credit risk of debtors is considered to be low given the nature of the contracts and primary leases being with government departments, related agencies and large commercial organisations.

##### *Bank balances*

The group's bank balances are deposited at banks with long-term credit ratings which are monitored by the group treasurer.

##### *Amounts due from group undertakings*

The credit risk of amounts due from group undertakings is considered low, owing to the secure long-term cash flows that are receivable by the counterparties or wholly-owned subsidiaries of the counterparties.

##### *Treasury bills*

The group considers there to be no credit risk attached to its treasury bills.

## **TRILLIUM HOLDINGS LIMITED**

### **GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2016**

#### **Inflation Risk**

The group's contracts are generally structured so that contractual income and costs are either wholly or partially linked to specific inflation where possible to minimise the risks of a mismatch between income and costs due to movements in inflation indices. The group's overall cash flows are estimated to partially vary with inflation. The effects of these inflation changes do not always immediately flow through to the group's cash flows. Cash flows are monitored regularly to identify whether any further action is required.

#### **Liquidity Risk**

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient financial resources and liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the group's reputation. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long term and short term debt finance. Long term and short term liquidity needs are reviewed on a periodic basis by management and the board.

#### **Interest Rate Risk**

The group operates an interest rate policy designed to optimise interest rate cost and reduce volatility in reported earnings. Where the group holds floating rate debt the primary risk is that the group's cash flows will be subject to variation depending upon changes to base interest rates. The group's policy is to require interest rates to be fixed for 100% of long term debt. This is achieved through the use of interest rate swaps.

#### **Future outlook**

It is not envisaged that the group will initiate any plans to restructure its principal activities in the forthcoming year.

#### **Financial key performance indicators**

The key performance indicators of the group are set out below:

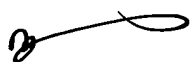
- To ensure high levels of customer satisfaction.
- To create sustainable returns for shareholders through:
  - Delivering efficiencies and using our scale more effectively,
  - Improving working capital management and cash generation.
- To promote responsibility to achieve the highest practicable standards of health and safety and minimise the impact of our activities on the environment.
- To attract, develop, retain and motivate high performance teams and individuals.

The group has achieved sustainable returns to shareholders by providing a return on their investment through the payment of dividends while continuing to maintain a healthy working capital position. The company also continues to maintain the highest practicable standards of health and safety supported by external benchmarking and accreditation, including Occupational Health and Safety Assessment Series (OHSAS) 18001 certification.

This report was approved by the board on

**20 DEC 2016**

and signed on its behalf.



**Aaron Burns**  
Secretary

## **TRILLIUM HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016**

The directors present their report and the audited consolidated financial statements for Trillium Holdings Limited and its subsidiaries (the 'Group') for the year ended 31 March 2016.

#### **Dividends**

The company paid dividends totalling £1,837,000 (2015: £153,380,000).

#### **Directors**

The directors who served during the year and up to the date of signing the financial statements were:

Adam Dakin  
Graham Edwards  
Russell Gurnhill  
Graeme Hunter (appointed 19 November 2015)  
Warren Persky

#### **Qualifying third party indemnity provisions**

Qualifying third party indemnity provisions, commonly known as Directors and Officers insurance (as defined by section 234 of the Companies Act 2006), in relation to certain losses and liabilities which the directors may incur (or have incurred) to third parties in the course of their professional duties, were in force for the directors for their periods of directorship and at the date of this report.

#### **Charitable donations**

The group made various charitable contributions totalling £471,000 (2015: £217,000) during the financial year. The group operates a charity matching scheme, which matches employee donations subject to a limit of £2,500 per employee per year.

#### **Creditor payment policy**

The group pays its creditors in accordance with its contractual obligations. The average time the group took to pay trade debts based on trade accounts payable during the year was 28 days (2015: 26 days).

#### **Matters covered in the strategic report**

Details of principal activities, business review, future developments and financial risk management can be found on pages 1, 2 and 3. They form part of this report by cross-reference.

## **TRILLIUM HOLDINGS LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016**

#### **Employee involvement**

The group employed an average of 420 people (2015: 506) during the year, most of whom were engaged in the provision of property management services to the Telereal Trillium group of companies.

The group is an equal opportunities employer and values the benefits that a diverse workforce can bring. It is committed to developing, encouraging and maintaining a culture that values fairness, openness, meritocracy and transparency and which enables all employees to make their distinctive contribution to the success of the business.

The group is fully committed to the elimination of any unlawful and unfair discrimination. It will not discriminate on a whole range of characteristics namely, race, gender reassignment, disability, nationality, religion or belief, age, sexual orientation, family status or any other irrelevant factor. Furthermore, it is the group's policy to give full and fair consideration to applications for employment made by disabled persons, to continue, wherever possible, the employment of staff who become disabled and to provide equal opportunities for the training and career development of disabled employees.

The group is committed to protecting the health, safety and welfare of its employees and provides a number of wellbeing initiatives - wellbeing health checks, occupational health, executive medicals.

The group has an open and honest working environment and offers challenging, appropriately rewarded jobs to its employees. Employees share in the group's success, and in addition to competitive base salaries and good benefits, the group offers a long-term incentive scheme based on individual performance and the performance of the Telereal Trillium entities. The group also invests in its employees' training and development.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual report consolidated 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**TRILLIUM HOLDINGS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2016**

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

This report was approved by the board on **20 DEC 2016** and signed on its behalf.



**Aaron Burns**  
Company secretary



## **TRILLIUM HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRILLIUM HOLDINGS LIMITED**

#### **Report on the financial statements**

##### **Our opinion**

In our opinion, Trillium Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2016 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Consolidated and Company Statement of Financial Position as at 31 March 2016;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- Consolidated and Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

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

##### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## **TRILLIUM HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRILLIUM HOLDINGS LIMITED**

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

##### **What an audit of financial statements involves**

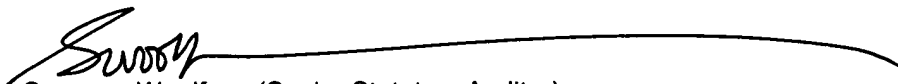
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Suzanne Woolfson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

20 December 2016

**TRILLIUM HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £000	2015 £000
Turnover	3	647,397	675,266
Operating costs		(477,410)	(505,092)
Exceptional operating income	8	5,003	76,939
Net movement in valuation of properties	9	(31,466)	(38,698)
<b>Operating profit</b>	4	<b>143,524</b>	<b>208,415</b>
Loss on disposal of subsidiary		-	(2,430)
Interest receivable and similar income	10	25,583	26,113
Interest payable and similar charges	11	(21,230)	(52,984)
<b>Profit before taxation</b>		<b>147,877</b>	<b>179,114</b>
Tax on profit	12	(36,305)	(29,878)
<b>Profit for the year</b>		<b>111,572</b>	<b>149,236</b>
<b>Other comprehensive income/(expense)</b>			
Unrealised surplus/(deficit) on revaluation of tangible fixed assets		3,850	(1,634)
Actuarial gains/(losses) on defined benefit pension scheme	28	1,012	(4,173)
Movement of deferred tax relating to pension surplus	23	(326)	743
<b>Other comprehensive income/(expense) for the year</b>		<b>4,536</b>	<b>(5,064)</b>
<b>Total comprehensive income for the year</b>		<b>116,108</b>	<b>144,172</b>
<b>Profit attributable to:</b>			
Non-controlling interests		273	59
Owners of the parent company		111,299	149,177
		<b>111,572</b>	<b>149,236</b>
<b>Total comprehensive income attributable to:</b>			
Non-controlling interest		273	59
Owners of the parent company		115,835	144,113
		<b>116,108</b>	<b>144,172</b>

The notes on pages 18 to 57 form part of these financial statements.

**TRILLIUM HOLDINGS LIMITED**  
**REGISTERED NUMBER: 3487308**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**

	Note	£000	2016 £000	£000	2015 £000
<b>Fixed assets</b>					
Intangible assets	14		62,423		66,450
Tangible assets	15		285,117		303,191
Investment property	16		126,033		121,612
			<u>473,573</u>		<u>491,253</u>
<b>Current assets</b>					
Properties held for sale		15,979		10,670	
Debtors	18	925,044		822,230	
Current asset investments	19	49,885		-	
Cash at bank and in hand	20	31,824		51,298	
		<u>1,022,732</u>		<u>884,198</u>	
Creditors: amounts falling due within one year	21	(407,935)		(399,528)	
<b>Net current assets</b>			<u>614,797</u>		<u>484,670</u>
<b>Total assets less current liabilities</b>			<u>1,088,370</u>		<u>975,923</u>
Creditors: amounts falling due after more than one year	22		(309,189)		(280,375)
<b>Provisions for liabilities</b>					
Deferred taxation	23	(5,999)		(2,199)	
Provisions	26	(125,990)		(159,963)	
			<u>(131,989)</u>		<u>(162,162)</u>
<b>Net assets excluding pension liability</b>			<u>647,192</u>		<u>533,386</u>
Pension liability	28		(14,916)		(14,406)
<b>Net assets</b>			<u><u>632,276</u></u>		<u><u>518,980</u></u>

**TRILLIUM HOLDINGS LIMITED**  
**REGISTERED NUMBER: 3487308**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**AS AT 31 MARCH 2016**

	Note	2016 £000	2015 £000
<b>Capital and reserves</b>			
Called up share capital	27	25,300	25,300
Share premium account		299,700	299,700
Revaluation reserve		26,172	23,061
Retained earnings		280,456	169,569
<b>Equity attributable to owners of the parent Company</b>		<u>631,628</u>	<u>517,630</u>
Non-controlling interests		648	1,350
<b>Total equity</b>		<u><u>632,276</u></u>	<u><u>518,980</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

**20 DEC 2016**

  
**Warren Persky**  
 Director

  
**Russell Gurnhill**  
 Director

The notes on pages 18 to 55 form part of these financial statements.

**TRILLIUM HOLDINGS LIMITED**  
**REGISTERED NUMBER: 3487308**

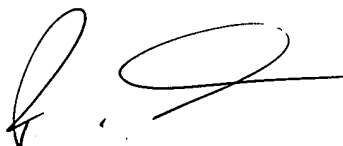
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**

	Note	£000	2016 £000	£000	2015 £000
<b>Fixed assets</b>					
Investments	17		572,112		566,653
			<u>572,112</u>		<u>566,653</u>
<b>Current assets</b>					
Debtors	18	759,678		606,911	
Cash at bank and in hand	20	2,523		4,129	
		<u>762,201</u>		<u>611,040</u>	
Creditors: amounts falling due within one year	21	(899,634)		(760,867)	
<b>Net current liabilities</b>			<u>(137,433)</u>		<u>(149,827)</u>
<b>Total assets less current liabilities</b>			<u>434,679</u>		<u>416,826</u>
Creditors: amounts falling due after more than one year	22		(57,141)		(66,980)
<b>Net assets</b>			<u><u>377,538</u></u>		<u><u>349,846</u></u>
<b>Capital and reserves</b>					
Called up share capital	27		25,300		25,300
Share premium account			299,700		299,700
Retained earnings			52,538		24,846
<b>Total equity</b>			<u><u>377,538</u></u>		<u><u>349,846</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

**20 DEC 2016**

  
**Warren Persky**  
 Director

  
**Russell Gurnhill**  
 Director

The notes on pages 18 to 55 form part of these financial statements.

**TRILLIUM HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Retained earnings £000	Total equity attributable to owners of parent company £000	Non- controlling interests £000	Total equity £000
At 1 April 2015	25,300	299,700	23,061	169,569	517,630	1,350	518,980
<b>Comprehensive income for the year</b>							
Profit for the financial year	-	-	-	111,299	111,299	273	111,572
Actuarial gains on pension scheme after deferred tax	-	-	-	686	686	-	686
Surplus on revaluation of freehold property	-	-	3,850	-	3,850	-	3,850
Transfer to/from profit and loss account	-	-	(739)	739	-	-	-
<b>Other comprehensive income for the year</b>	-	-	3,111	1,425	4,536	-	4,536
<b>Total comprehensive income for the year</b>	-	-	3,111	112,724	115,835	273	116,108
<b>Transactions with owners</b>							
Dividends paid	-	-	-	(1,837)	(1,837)	(137)	(1,974)
Capital reduction	-	-	-	-	-	(838)	(838)
<b>Total transactions with owners</b>	-	-	-	(1,837)	(1,837)	(975)	(2,812)
<b>At 31 March 2016</b>	<u>25,300</u>	<u>299,700</u>	<u>26,172</u>	<u>280,456</u>	<u>631,628</u>	<u>648</u>	<u>632,276</u>

The notes on pages 18 to 55 form part of these financial statements.

**TRILLIUM HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2015**

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Retained earnings £000	Total equity attributable to owners of parent Company £000	Non- controlling interests £000	Total equity £000
At 1 April 2014	25,000	-	65,063	136,834	226,897	-	226,897
<b>Comprehensive income / (expense) for the year</b>							
Profit for the financial year	-	-	-	149,177	149,177	59	149,236
Actuarial losses on pension scheme after deferred tax	-	-	-	(3,430)	(3,430)	-	(3,430)
Deficit on revaluation of freehold property	-	-	(1,634)	-	(1,634)	-	(1,634)
Transfer to/from profit and loss account	-	-	(40,368)	40,368	-	-	-
<b>Other comprehensive expense for the year</b>	-	-	(42,002)	36,938	(5,064)	-	(5,064)
<b>Total comprehensive income for the year</b>	-	-	(42,002)	186,115	144,113	59	144,172
Shares issued during the year	300	299,700	-	-	300,000	-	300,000
Business acquisition	-	-	-	-	-	1,291	1,291
Dividends paid	-	-	-	(153,380)	(153,380)	-	(153,380)
<b>Total transactions with owners</b>	300	299,700	-	(153,380)	146,620	1,291	147,911
<b>At 31 March 2015</b>	<u>25,300</u>	<u>299,700</u>	<u>23,061</u>	<u>169,569</u>	<u>517,630</u>	<u>1,350</u>	<u>518,980</u>

The notes on pages 18 to 57 form part of these financial statements.



**TRILLIUM HOLDINGS LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital £000	Share premium account £000	Retained earnings £000	Total equity £000
At 1 April 2015	25,300	299,700	24,846	349,846
<b>Comprehensive income for the year</b>				
Profit for the financial year and total comprehensive income	-	-	29,529	29,529
<b>Contributions by and distributions to owners</b>				
Dividends paid	-	-	(1,837)	(1,837)
<b>At 31 March 2016</b>	<b>25,300</b>	<b>299,700</b>	<b>52,538</b>	<b>377,538</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2015**

	Called up share capital £000	Share premium account £000	Retained earnings £000	Total equity £000
At 1 April 2014	25,000	-	50,810	75,810
<b>Comprehensive income for the year</b>				
Profit for the financial year and total comprehensive income	-	-	127,416	127,416
<b>Contributions by and distributions to owners</b>				
Shares issued during the year	300	299,700	-	300,000
Dividends paid	-	-	(153,380)	(153,380)
<b>Total transactions with owners</b>	<b>300</b>	<b>299,700</b>	<b>(153,380)</b>	<b>146,620</b>
<b>At 31 March 2015</b>	<b>25,300</b>	<b>299,700</b>	<b>24,846</b>	<b>349,846</b>

The notes on pages 18 to 57 form part of these financial statements.

**TRILLIUM HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

	2016 £000	2015 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	111,572	149,236
<b>Adjustments for:</b>		
Amortisation of goodwill	4,027	4,027
Depreciation of tangible assets	18,148	16,128
Deficit on revaluation of tangible fixed assets	29,705	7,592
(Reversal of)/impairment of furniture	(17,434)	5,856
Interest payable and similar charges	21,230	52,984
Interest receivable and similar income	(25,583)	(26,113)
Taxation	36,305	29,878
(Increase)/decrease in trading properties	(5,310)	1,405
(Increase)/decrease in debtors	(601)	13,081
Decrease in amounts owed by groups	(31,490)	(385,655)
Decrease in creditors	(44,795)	(50,930)
Increase in net pension assets/liabs	1,522	1,191
Decrease in provisions	(37,034)	(95,386)
Corporation tax paid	(32,635)	(26,925)
Loss on disposal of subsidiary	-	2,430
Loss on disposal of tangible assets	1,761	22,354
Revaluation of trading properties	-	8,752
<b>Net cash generated from / (used in) operating activities</b>	<b>29,388</b>	<b>(270,095)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(6,364)	(6,507)
Sale of tangible fixed assets	5,324	386,077
Purchase of investment properties	(13,639)	(4,867)
Interest received	24,774	25,368
Proceeds on disposal of subsidiary	-	1,324
<b>Net cash generated from investing activities</b>	<b>10,095</b>	<b>401,395</b>

**TRILLIUM HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)  
FOR THE YEAR ENDED 31 MARCH 2016**

	2016 £000	2015 £000
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	-	300,000
New secured loans	50,700	34,389
Repayment of loans	(47,699)	(269,068)
Dividends paid	(1,837)	(153,380)
Interest paid	(11,828)	(38,380)
Non controlling interests	(975)	1,291
<b>Net cash used in financing activities</b>	<b>(11,639)</b>	<b>(125,148)</b>
Cash and cash equivalents at beginning of year	51,120	47,690
<b>Cash and cash equivalents at the end of year</b>	<b>78,964</b>	<b>53,842</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	31,824	51,298
Bank overdrafts	(23)	(178)
Treasury notes	49,885	-
	<b>81,686</b>	<b>51,120</b>

The notes on pages 18 to 57 form part of these financial statements.

## TRILLIUM HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 1. Accounting policies

##### General Information

The principal activities of Trillium Holdings Limited ("the company") and its subsidiaries (together "the group") are described in the Strategic Report on page 1 of the financial statements. The address of the company's registered office, which is also the company's principal place of business is provided in note 31.

##### Basis of preparation of financial statements

The group and individual financial statements of Trillium Holdings Limited have been prepared compliance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

These consolidated and separate financial statements are prepared on a going concern basis under the historical cost convention, as modified by the revaluation of certain assets and liabilities measured at fair value through profit and loss and have been prepared in Sterling (rounded to the nearest thousand pounds), which is the presentational and functional currency of the company.

Information on the impact of first-time adoption of FRS 102 is given in note 33.

The financial statements have been prepared in Sterling (rounded to the nearest thousand pounds), which is the functional and presentational currency of the company.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The company has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual profit and loss account.

##### Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- (i) certain financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures; and
- (ii) from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

As stated in FRS102, the above disclosure exemptions apply only to the company and not to the consolidated position of the group.

The following principal accounting policies have been applied consistently to all years presented unless stated otherwise:

## **TRILLIUM HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **1. Accounting policies (continued)**

##### **Basis of consolidation**

The financial statements consolidate the financial statements of Trillium Holdings Limited and all of its subsidiary undertakings ("subsidiaries"). Subsidiary undertakings are those entities controlled, either directly or indirectly, by the company.

The financial statements of subsidiaries acquired or sold are included in the consolidated financial statements from or up to the date when control commences or ceases. The results of subsidiaries acquired during the year are included from the effective date of acquisition.

Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with subsidiaries are eliminated to the extent of the group's interest in the entity.

Unrealised losses are eliminated in the same way as unrealised gains to the extent there is no evidence of impairment.

Minority interests in the net assets of the consolidated subsidiaries are identified separately from the group's equity. Minority interests consist of the share of equity at the date of incorporation and the minority interests' share of post incorporation results.

## TRILLIUM HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 1. Accounting policies (continued)

##### **Turnover**

The group recognises turnover when the significant risks and rewards of ownership have been transferred to the buyer, the company retains no continuing involvement or control over the goods, the amount of turnover can be measured reliably, it is probable that future economic benefit will flow to the company and when the specific criteria relating to each of the company's revenue streams have been met, as described below:

##### Property services income

The group provides property related services in the United Kingdom which is recognised in the accounting period in which the services are rendered on an accruals basis.

##### Capital works

Revenue from capital projects is recognised in the accounting periods in which the services are rendered, by reference to the percentage completion of the specific transaction, assessed on the basis of the actual service provided as a portion of the total services to be provided.

##### Third party rents

Rental income is recognised in the Statement of Comprehensive Income on an accruals basis. Increases in rent are accounted for from the date when they become effective. Lease incentives are recognised on a straight line basis over the lease term.

##### Management fees and other income

Management fees and other income are recognised in the Statement of Comprehensive Income on an accruals basis. The group recognises other income when the amount of revenue can be measured reliably, and it is probable that future economic benefit will flow to the group.

##### Disposals of properties held for sale

Proceeds from the sale of properties held for sale are recognised in the Statement of Comprehensive Income when the significant risks and returns have been transferred to the buyer. This is generally on unconditional exchange of contracts.

##### Other income

Other income is recognised in the Statement of Comprehensive Income on an accruals basis. The group recognises other income when the amount of revenue can be measured reliably, and it is probable that future economic benefit will flow to the group. Other income includes compensatory payments made by DWP for the early vacation of core properties and also certain income streams from the BT contract.

Turnover is measured at the fair value of the consideration received, net of sales taxes.

## TRILLIUM HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 1. Accounting policies (continued)

##### Operating costs

Operating costs are recognised in the Statement of Comprehensive Income on an accruals basis. The cost of properties held for sale disposed in the year are recognised in the Statement of Comprehensive Income when the significant risks and returns have been transferred to the buyer. This is generally on unconditional exchange of contracts.

##### Operating leases

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 are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the leases.

##### Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument. Costs arising from the amendment to an existing facility are expensed as incurred.

##### Interest rate swaps

The group holds derivative financial instruments to hedge its interest rate risk exposures. All derivatives are recognised initially at fair value. Thereafter, derivatives are measured at fair value with changes recognised in Statement of Comprehensive Income as part of finance costs. Fair value is based on price quotations from financial institutions active in the relevant market.

##### Taxation

Tax is recognised in profit for the financial year, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The tax on profit on ordinary activities includes amounts paid or received for group relief in respect of tax losses claimed and surrendered in the current period.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## **TRILLIUM HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **1. Accounting policies (continued)**

##### **Intangible assets**

Business combinations are accounted for by applying the purchase method.

The cost of the business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair value of the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its useful expected life. Where the group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment where there are indicators of impairment and any impairment is charged to the Statement of Comprehensive Income. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

##### **Tangible fixed assets**

Properties occupied by the DWP and for which the group provides services under the PRIME contract are included under property, plant and equipment. All other properties are treated as investment properties.

Freehold and leasehold properties are carried in the financial statements at fair values, calculated on an open market basis. Valuation gains are taken to the revaluation reserve and are included in the Statement of Comprehensive Income as Other Comprehensive Income except to the extent where it reverses a diminution in the carrying value of the same asset that was previously taken to the profit for the year, in which case the increase is recognised in the profit for the year.

Furniture is capitalised at cost and carried in the financial statements at market value, based on a depreciated replacement cost methodology.

Valuation gains/losses are taken to the revaluation reserve except to the extent where it reverses a diminution in the carrying value of the same asset that was previously taken to profit for the year, in which case the increase is recognised in profit for the year. Diminutions in value are taken to the Statement of Comprehensive Income except where an asset has been previously revalued, in which case diminutions are taken to the revaluation reserve to the extent of previous revaluations of the same asset.

Other assets, excluding freehold and leasehold properties and furniture, are stated at historical cost less accumulated depreciation and any recognised impairment losses.



## TRILLIUM HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 1. Accounting policies (continued)

Depreciation is provided on assets other than furniture at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	over 50 years
Leasehold property	-	over the life of the lease
Plant and machinery	-	over 3 to 10 years

The assets' estimated residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

For tangible fixed assets not held at market value an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

No borrowing costs are capitalised as part of tangible fixed assets.

#### **Investment property**

Investment properties are those properties that are held either to earn rental income or for capital appreciation, or both. Investment properties are measured initially at cost including transaction costs if acquired from third parties, or at fair value if reclassified from operating properties.

Investment properties are carried in the financial statements at fair values based on the latest professional valuation on an open market basis as of each reporting date. Properties are treated as acquired and sold when the group is subject to an unconditional purchase or sales contract. Profits/losses and valuation gains and diminutions in value are recognised within net valuation movements on investment properties in the Statement of Comprehensive Income.

In accordance with FRS 102, depreciation is not provided on investment properties. This is a departure from the Companies Act 2006 which requires all tangible assets to be depreciated. In the opinion of the directors, this departure is necessary for the financial statements to give a true and fair view and comply with applicable accounting standards which require investment properties to be included in the financial statements at fair value. The effect of depreciation is implicitly reflected in the valuation of investment properties, and the amount attributable to this factor cannot reasonably be separately identified or quantified by the valuers. Had the provisions of the Act been followed, assets would not have been affected but operating costs would have been reduced for this and earlier years and valuation movements would have correspondingly increased. There would be no impact on profit for the year.

#### **Investments in subsidiaries**

Investments in subsidiaries comprise equity investments in subsidiary entities. These are carried at cost less any provision for impairment in value.

The carrying amount of the company's investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its net selling price and its value in use.

## **TRILLIUM HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **1. Accounting policies (continued)**

##### **Properties held for sale**

Properties held for sale are included in the accounts at the lower of cost and net realisable value.

Purchases and sales of properties are recognised when the significant risks and returns have been transferred to the group and buyer respectively. This is generally on unconditional exchange of contracts.

At each balance sheet date, properties held for sale are reviewed for impairment. If an impairment is required, the carrying amount is reduced to its selling price less costs to sell. The impairment loss is recognised immediately in the Statement for Comprehensive Income. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

##### **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than six months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

##### **Financial instruments**

###### **(i) Financial assets**

Basic financial assets, including trade and other receivables, treasury bills, cash at bank and in hand and amounts due from group undertakings, are recognised initially at transaction price, unless the transaction constitutes a financing arrangement, eg significantly deferred credit terms, where the transaction is measured at the present value of future receipts discounted at the market rate of interest. Such assets are held at amortised cost using the effective interest rate method.

Assets leased to customers under agreements which transfer substantially all the risks and rewards of ownership to the lessees are classified as finance leases. The net investment in finance leases is included in debtors and represents the lower of the fair value of the property and the total minimum lease payments less gross earnings allocated to future years and non-refundable rents in advance. A provision for impairment is established where there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables concerned. Interest receivable on finance leases is shown in the Statement of Comprehensive Income within interest receivable.

Financial assets are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

The impairment loss is measured as the difference between an asset's carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

## TRILLIUM HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 1. Accounting policies (continued)

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of the ownership of the asset are transferred to another party, or control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### (ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and amounts due to group undertakings, are recognised initially at transaction price, unless the transaction constitutes a financing arrangement, eg significantly deferred credit terms, where the transaction is measured at the present value of future receipts discounted at the market rate of interest. Such liabilities are held at amortised cost using the effective interest rate method.

Debt instruments (other than those wholly repayable within one year), including loans and other accounts payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Debt instruments that are payable within one year, typically trade payables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial liability is measured, initially, at the present value of the future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income in finance costs or income as appropriate. The group does not currently apply hedge accounting for interest rate derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### (iii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## **TRILLIUM HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **1. Accounting policies (continued)**

##### **Provisions for liabilities and charges**

A provision is recognised in the balance sheet when there is a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions are made for dilapidations that may crystallise where, on the basis of the present condition of the property, an obligation already exists. The estimate is revised over the remaining period of the lease to reflect changes in the condition of the building or other changes in circumstances. Provisions for dilapidations are not made for leases which are considered onerous as all future obligations are included in the onerous lease provision. The estimate take account of relevant external advice.

A life cycle capital expenditure provision arises from the contractual arrangements, mainly with the DWP.

A provision for onerous leases is recognised when the expected benefits to be derived by the company from a lease are lower than the unavoidable cost of meeting its obligations under that lease. This is considered at an individual property level.

Provisions have been made for obligations relating to performance that may arise due to a performance scoring system. The scoring system compares actual performance by the PRIME contractor and its obligations under the PRIME agreement to provide facilities management services.

## TRILLIUM HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 1. Accounting policies (continued)

##### **Retirement benefits**

The group operates a defined contribution and a defined benefit pension scheme. The assets of both schemes are held separately from those of the group.

##### **Defined contribution scheme:**

The defined contribution scheme is now the only scheme open to new employees. The contributions payable for the year are charged to the Statement of Comprehensive Income.

##### **Defined benefit scheme:**

The group acts as Principal Employer for a pension scheme that provides defined benefit entitlements to the employees of a subsidiary undertaking who transferred from BT and who provide services exclusively to the group and for certain employees who mainly transferred from the Department of Work and Pensions. Independent actuarial valuations are conducted annually as at the year-end, and a retirement benefit obligation/asset is recognised in the balance sheet in respect of the difference between the present value of the defined benefit obligation and the fair value of the scheme assets, net of attributable deferred tax.

Actuarial gains and losses arising as a result of experience adjustments and/or the effects of changes in actuarial assumptions are recognised in other comprehensive income as and when they occur. Any increase in the present value of plan liabilities expected to arise from employee service during the period is charged to operating profit. Gains and losses resulting from settlements and curtailments are also included in operating profit. Net interest accrued on the plan assets and liabilities is included in interest income or interest expense, accordingly.

Past-service cost is recognised immediately to the extent that benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

Gains or losses arising on scheme transfers are recognised in the Statement of Comprehensive Income.

##### **Dividends**

Dividends receivable are recognised in the Statement of Comprehensive Income in the period when the right to receive payment is established.

Dividend distributions to the company's shareholders are recognised as a liability in the period in which the dividends are approved by the company's shareholders or, in the case of interim dividends, when they are paid.

## TRILLIUM HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

##### Investment property valuations

Properties are valued by a qualified chartered surveyor. Valuations are made as at the reporting date and conform to International Valuation Standards. Valuations are made using various assumptions and estimations which include, but are not limited to, market yields, transaction prices of similar properties, tenure and tenancy details.

##### Valuation of furniture

Furniture is valued by the directors at each reporting date. Valuations are made as at the reporting date and conform to International Valuation Standards. Valuations are made using various assumptions and estimations which include, but are not limited to, remaining useful economic life of the asset and the cost to replace the asset.

##### Trade and other debtors

The group reviews trade and other debtors and makes judgements on the recoverability of these debtors with reference to the age of outstanding amounts, credit status of the counterparty and the status of any outstanding dispute.

##### Derivative financial instruments

The group holds derivative financial instruments to hedge its interest rate risk exposures. All derivatives are recognised initially at fair value. Thereafter, derivatives are measured at fair value with changes recognised in profit or loss as part of finance costs. Fair value is based on price quotations from financial institutions active in the relevant market.

##### Provisions

Provisions for onerous leases and dilapidations are based on estimated future cash flows at a property level. Judgements are exercised with regard to expenses that are expected to be incurred, sub-letting profiles (in the case of onerous leases) and discount rates applied to future cash flows.

#### 3. Turnover

An analysis of turnover by class of business is as follows:

	2016 £000	2015 £000
Property services income	587,675	593,681
Capital projects	9,080	15,030
Third party rents	25,662	35,280
Other income	15,964	18,568
Management fee income (note 30)	1,716	1,082
Disposals of properties held for sale	7,300	11,625
	<u>647,397</u>	<u>675,266</u>

All turnover arose within the United Kingdom.

**TRILLIUM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**4. Operating profit**

Operating profit is stated after charging/(crediting):

	2016 £000	2015 £000
Depreciation of tangible fixed assets	18,148	16,128
Revaluation (surplus)/deficit of furniture	(17,434)	5,856
Amortisation of goodwill	4,027	4,027
Plant and machinery operating lease rentals	244	1,582
Other operating lease rentals	234,610	208,574
Disposal of properties held for sale	3,484	5,749
Amortisation of deferred revenue	(6,208)	(8,207)
	<u>          </u>	<u>          </u>

**5. Auditors' remuneration**

	2016 £000	2015 £000
Fees payable to the group's auditor and its associates for the audit of the group's annual accounts	741	419
	<u>          </u>	<u>          </u>
<b>Fees payable to the group's auditor and its associates in respect of:</b>		
Company	23	20
Group	718	399
	<u>          </u>	<u>          </u>
<b>Non-audit related fees</b>		
Fees for tax and IT related services	34	-
	<u>          </u>	<u>          </u>

**6. Staff costs**

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	42,264	45,316
Social security costs	5,025	5,598
Other pension costs	2,887	2,917
	<u>          </u>	<u>          </u>
	<u>50,176</u>	<u>53,831</u>

**TRILLIUM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**Staff costs (continued)**

The average number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Operational	375	453
Administration	45	53
	<u>420</u>	<u>506</u>

All employees were employed in the United Kingdom.

**7. Directors' remuneration**

	2016 £000	2015 £000
Aggregate emoluments excluding long term incentive scheme and pensions	272	264
Aggregate amounts receivable under long term incentive schemes	2,240	2,218
Payments to defined contribution pension schemes	21	19
	<u>2,533</u>	<u>2,501</u>

During the year, retirement benefits were accruing to four (2015: four) directors in respect of defined contribution pension schemes, and one (2015: no) director in respect of a defined benefit scheme.

The highest paid director received remuneration of £951,000 (2015: £1,074,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,000 (2015: £5,000).

Directors are remunerated by group companies.

**8. Exceptional operating income**

	2016 £000	2015 £000
Release of onerous lease provision	5,003	76,939
	<u>5,003</u>	<u>76,939</u>



**TRILLIUM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**9. Net movement in valuation of properties**

	2016 £000	2015 £000
Revaluation of investment properties	5,785	(3,905)
Impairment of land and buildings	23,920	11,497
Impairment of properties held for sale	-	8,752
Loss on disposal of properties	1,761	22,354
<b>Net expense on total movement</b>	<b>31,466</b>	<b>38,698</b>

**10. Interest receivable and similar income**

	2016 £000	2015 £000
Interest receivable from group companies	18,522	18,544
Change in fair value of interest rate swaps	-	539
Interest receivable under finance leases	6,163	6,549
Interest receivable on cash and deposits	898	481
	<b>25,583</b>	<b>26,113</b>

**11. Interest payable and similar charges**

	2016 £000	2015 £000
On bank loans and overdrafts	6,057	8,560
Unwind of discount on provisions	3,061	7,447
On loans to group undertakings	7,511	8,148
Change in fair value of interest rate swaps	2,135	-
Other interest payable and finance charges	2,466	28,829
	<b>21,230</b>	<b>52,984</b>

Included within other interest payable and finance charges for the year ended 31 March 2015 is £25,078,000 relating to an adjudication awarded against the group in respect of a previous financing. The group is pursuing the matter through arbitration and is confident of success.

**TRILLIUM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**12. Taxation**

	2016 £000	2015 £000
<b>Corporation tax</b>		
Current tax on profits for the year	34,196	36,411
Adjustments in respect of previous periods	(772)	(6,112)
<b>Total current tax</b>	<b>33,424</b>	<b>30,299</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	2,834	1,138
Adjustments regarding prior periods	47	(1,559)
<b>Total deferred tax</b>	<b>2,881</b>	<b>(421)</b>
<b>Taxation on profit on ordinary activities</b>	<b>36,305</b>	<b>29,878</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	147,877	179,114
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	29,575	37,614
<b>Effects of:</b>		
Expenses not deductible for tax	1,723	34,375
(Income) not taxable	(678)	(19,266)
Timing differences	659	(21,229)
Impairment	5,574	4,157
LTIS	282	735
Adjustments regarding prior year	(726)	(7,671)
Rate changes	(180)	-
Other	76	1,163
<b>Total tax charge for the year</b>	<b>36,305</b>	<b>29,878</b>

**Factors that may affect future tax charges**

## TRILLIUM HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 12. Taxation (continued)

The draft 2016 Finance Bill proposes the following future corporation tax rates:

- (1) For the years ending 31 March 2018, 2019 and 2020, the main rate of corporation tax will be 19%.
- (2) For the year ending 31 March 2020, the main rate of corporation tax will be 17%.

#### 13. Dividends

	2016 £000	2015 £000
Dividends £0.03 per share (2015: £6.06 per share)	1,837	153,380
Dividends to non-controlling interest at £1,098.75 per share (2015:nil)	137	-
	<u>          </u>	<u>          </u>

**TRILLIUM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**14. Intangible assets**

Group

Goodwill  
£000

**Cost**

At 1 April 2015

80,546

At 31 March 2016

80,546

**Accumulated amortisation**

At 1 April 2015

14,096

Charge for the year

4,027

At 31 March 2016

18,123

**Net book value**

At 31 March 2016

62,423

At 31 March 2015

66,450

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

15. Tangible fixed assets

Group

	Freehold property £000	L/Term Leasehold Property £000	S/Term Leasehold Property £000	Plant and machinery £000	Furniture £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2015	337,726	363	82,421	11,148	47,113	478,771
Additions	-	-	1,493	919	4,022	6,434
Disposals	(4,004)	-	(671)	(218)	-	(4,893)
Transfers between classes	(1,283)	-	(165)	-	-	(1,448)
Revaluations	(20,071)	-	-	-	17,434	(2,637)
At 31 March 2016	312,368	363	83,078	11,849	68,569	476,227
<b>Accumulated depreciation</b>						
At 1 April 2015	123,937	260	44,600	6,783	-	175,580
Depreciation for the year	2,730	2	12,902	2,514	-	18,148
Disposals	(1,369)	-	(143)	(174)	-	(1,686)
Transfers between classes	(137)	-	(795)	-	-	(932)
At 31 March 2016	125,161	262	56,564	9,123	-	191,110
<b>Net book value</b>						
At 31 March 2016	187,207	101	26,514	2,726	68,569	285,117
At 31 March 2015	213,789	103	37,821	4,365	47,113	303,191

# TRILLIUM HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### Tangible fixed assets (continued)

Of the deficit on revaluation, £23,920,000 (2015: £11,497,000) has been treated as permanent and recognised in the income statement (note 9).

Properties vacated by the DWP during the year that are no longer treated as operating properties are reclassified to investment properties.

At 31 March 2016 and 31 March 2015, the properties were revalued internally by a chartered surveyor who is a member of the Royal Institution of Chartered Surveyors (RICS). The valuations are prepared in accordance with the valuation principles of the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

In 2018, at the end of the PRIME contract, the DWP has the right to purchase furniture and equipment on the estate at market value under the terms of the contract. The furniture is capitalised as an asset in the accounts of Trillium Property Services (PRIME) Limited and Trillium (PRIME) Limited. Whilst the group's accounting policy is not to capitalise items of equipment, management has performed an exercise to identify the items of equipment that fall within the PRIME contract definition across the PRIME group of entities.

The furniture assets at 31 March 2016 have been valued by Hilco Appraisal Limited, independent valuers, on the basis of the relevant market value provisions of the Royal Institution of Chartered Surveyors (RICS) - Professional Standards, Jan 2014 (RICS Red Book). The valuation of furniture and equipment across the PRIME estate at 31 March 2016 was £110,148,000. The replacement cost of furniture and equipment across the PRIME estate at 31 March 2016 was valued was £213,779,000.

The next independent valuation is due to take place on 31 March 2018.

Development gain is an amount payable to or receivable from the DWP, triggered at the point of vacation and is based upon a contractual formula.

If the freehold land and buildings had not been stated at revalued amounts, they would have been included under the historical cost model as follows:

	2016 £000	Restated 2015 £000
<b>Group</b>		
Cost	97,592	107,402
Accumulated depreciation	(16,808)	(16,422)
	<u>80,784</u>	<u>90,980</u>

If the long-term leasehold land and buildings, 25 - 50 years, had not been stated at revalued amounts, they would have been included under the historical cost model as follows:

	2016 £000	2015 £000
<b>Group</b>		
Cost	47	47
Accumulated depreciation	(7)	(5)
	<u>40</u>	<u>42</u>

**TRILLIUM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**16. Investment property**

**Group**

	Freehold investment property £000	Leasehold investment property £000	Total £000
<b>Valuation</b>			
At 1 April 2015	106,292	15,320	121,612
Additions at cost	11,335	2,304	13,639
Disposals	(2,831)	(1,118)	(3,949)
Deficit on revaluation	(3,262)	(2,523)	(5,785)
Transfers between classes	294	222	516
<b>At 31 March 2016</b>	<b>111,828</b>	<b>14,205</b>	<b>126,033</b>

The fair value of the group's investment properties at 31 March 2016 have been arrived at on the basis of a valuation carried out by a combination of external and internal valuers. The external valuation was performed at that date by CB Richard Ellis, independent valuers. The valuation by CB Richard Ellis, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices of similar properties. The internal valuations were performed by a chartered surveyor who is a member of the Royal Institution of Chartered Surveyors (RICS). The valuations are prepared in accordance with the valuation principles of the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

At 31 March 2015, the properties were revalued internally by a chartered surveyor who is a member of Royal Institution of Chartered Surveyors (RICS). The valuations are prepared in accordance with the valuation principles of the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

The next independent valuation is due to take place on 31 March 2021.

Investment properties valued at £4,475,000 and properties held for sale at a carrying value of £1,536,000 have been used as security against a loan taken out by London Wall Outsourcing Investments Limited, a fellow group undertaking.

# TRILLIUM HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 17. Fixed asset investments

#### Company

	Investments in subsidiary companies £000
<b>Cost</b>	
At 1 April 2015	601,050
Additions	5,459
At 31 March 2016	606,509
<b>Accumulated impairment</b>	
At 1 April 2015	34,397
At 31 March 2016	34,397
<b>Net book value</b>	
At 31 March 2016	572,112
At 31 March 2015	566,653

In June 2015, the company purchased 2,000 ordinary shares of £1 each, representing 100% of the share capital in Telereal Trading Property Limited, for total consideration of £0.01. In March 2016, the company subscribed for a further 5,000 shares for total consideration of £5 million.

Further, the company purchased 100 ordinary shares of £1 each in Manston Properties Limited for consideration of £4,586.05 per share, totalling £458,605.

Furthermore, the company subscribed for 1 ordinary share in Telereal (Caledonian) Limited for consideration of £1 per share, totalling £1.

#### Subsidiary undertakings

The company acts as a holding company.

In the opinion of the directors, the value of the investments is not less than the amount at which they are shown in the company's balance sheet.

The company also holds 100% of the share capital of a large number of subsidiary undertakings. For a full list of all the subsidiaries see note 32.



TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

18. Debtors

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
<b>Due after more than one year</b>				
Finance leases receivable	59,083	62,977	-	-
Prepayments and accrued income	7,580	3,921	-	-
	<u>66,663</u>	<u>66,898</u>	<u>-</u>	<u>-</u>
<b>Due within one year</b>				
Trade debtors	72,164	68,230	-	-
Amounts owed by group undertakings	738,015	635,803	703,139	579,559
Finance leases receivable	3,873	3,709	-	-
Other debtors	9,644	5,804	-	-
Prepayments and accrued income	34,685	41,786	50	2
Tax recoverable	-	-	56,489	27,350
	<u>925,044</u>	<u>822,230</u>	<u>759,678</u>	<u>606,911</u>
	Gross 2016 £000	Net 2016 £000	Gross 2015 £000	Net 2015 £000
<b>Net investment in finance leases</b>				
Investment in finance leases	103,204	62,956	107,137	66,686
	<u>103,204</u>	<u>62,956</u>	<u>107,137</u>	<u>66,686</u>
<b>Maturity of finance leases</b>				
Within one year	11,030	3,873	10,162	3,709
Between one and five years	44,654	21,601	41,132	19,605
After more than five years	47,520	37,482	55,843	43,372
	<u>103,204</u>	<u>62,956</u>	<u>107,137</u>	<u>66,686</u>

The gross amount of finance leases represents total amount receivable under the finance leases. Net amounts are after deduction of interest to future periods.

Amounts owed by group undertakings are unsecured and repayable on demand. Interest was received on these balances at LIBOR plus 3% per annum (2015: LIBOR plus 3% per annum).

**TRILLIUM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**19. Current asset investments**

	2016 £000	2015 £000
<b>Group</b>		
Treasury bills	49,885	-
	<u>49,885</u>	<u>-</u>

The treasury notes are 6 month bills maturing in September 2016 with a coupon rate of 0%.

**20. Cash at bank and in hand**

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Cash at bank	29,968	49,492	2,388	3,990
Money market deposits	100	165	100	100
Tenant deposits	1,756	1,641	35	39
	<u>31,824</u>	<u>51,298</u>	<u>2,523</u>	<u>4,129</u>

Tenant deposits are held by Barclays Bank PLC in Trustee controlled accounts.

Overnight money market deposits earn interest at daily market rates.

**TRILLIUM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**21. Creditors: Amounts falling due within one year**

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank overdrafts	23	178	-	-
Bank loans	5,253	46,789	-	-
Trade creditors	33,761	29,618	-	7
Fair value of interest rate swaps	-	2,722	-	-
Amounts owed to group undertakings	212,104	132,004	895,982	759,437
Corporation tax	15,424	15,230	-	-
Other taxation and social security	1,398	1,812	-	-
VAT	7,323	9,014	-	-
Other creditors	4,330	9,105	3,646	1,391
Accruals and deferred income	128,319	153,056	6	32
	<u>407,935</u>	<u>399,528</u>	<u>899,634</u>	<u>760,867</u>

Included in amounts owed to group undertakings is £3,742,000 (2015: £3,908,000), being the current element of a fixed interest loan from Telereal 112 Limited (see note 24).

There are no material differences between the carrying value and fair value of trade and other payables as at 31 March 2016.

Amounts due to group undertakings are unsecured and payable on demand. Interest was paid on these balances at LIBOR plus 3% per annum (2015: LIBOR plus 3% per annum).

**22. Creditors: Amounts falling due after more than one year**

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank loans	136,084	91,759	-	-
Amounts owed to group undertakings	144,655	153,166	57,141	66,980
Other creditors	-	13,847	-	-
Fair value of interest rate swaps	11,634	8,705	-	-
Accruals and deferred income	16,816	12,898	-	-
	<u>309,189</u>	<u>280,375</u>	<u>57,141</u>	<u>66,980</u>

Other than the fixed term loans disclosed in loans and borrowings (note 24), amounts owed to parent and group undertakings are unsecured and repayable on demand. Interest was paid on these balances at LIBOR plus 3.0% per annum (2015: LIBOR plus 3.0% per annum).

**TRILLIUM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**23. Deferred taxation**

	2016 £000	2015 £000
<b>Group</b>		
At beginning of year	2,199	3,363
Charged to profit or loss	2,881	(421)
Other	593	-
Deferred tax on actuarial gains/losses	326	(743)
<b>At end of year</b>	<b>5,999</b>	<b>2,199</b>

The provision for deferred taxation is made up as follows:

	2016 £000	2015 £000
Accelerated capital allowances	16,577	9,608
Other timing differences	(6,393)	(4,351)
Capital gains	680	-
Fair value of swaps	(2,031)	(177)
Pension deficit	(2,834)	(2,881)
	<b>5,999</b>	<b>2,199</b>

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

24. Loans and borrowings

	Secured/ unsecured	Fixed/ floating	Effective interest rate %	2016 £000	2015 £000
<b>Group</b>					
<b>Overdrafts</b>	Unsecured	Floating	-	23	178
<b>Bank loans</b>					
£71,400,000 - due 01/2020 - LIBOR + 1.75% + MLA 0.0078%	Secured	Fixed	5.2680%	66,073	68,727
£50,000,000 - due 10/2015 - LIBOR + 1.75%	Secured	Fixed	3.7680%	-	44,119
£50,700,000 - due 11/2020 - LIBOR + 1.85%	Secured	Fixed	3.4500%	50,425	-
£28,000,000 - due 03/2019 - LIBOR + 1.80%	Secured	Fixed	3.7220%	27,200	27,850
				<hr/> 143,721	<hr/> 140,874
<b>Fixed term amounts due to group undertakings</b>					
£15,500,000 - due 04/2021 - 10.00%	Unsecured	Fixed	8.0000%	15,500	15,500
£2,340,000 - due 12/2019 - 3.204%	Unsecured	Fixed	3.2040%	2,430	-
£2,730,000 - due 12/2019 - 3.204%	Unsecured	Fixed	3.2040%	2,730	-
£80,000,000 - due 12/2031 - 4.51%	Secured	Fixed	4.5100%	70,686	74,595
£99,712,000 - due 09/2026 - LIBOR + 3.00%	Unsecured	Floating	3.5616%	57,212	67,212
				<hr/> 148,558	<hr/> 157,307
<b>Total loans and borrowings</b>					
Less: unamortised issue costs				(2,433)	(2,605)
<b>Total loans and borrowings</b>				<hr/> 289,846	<hr/> 295,576
<b>Company</b>					

The company has a fixed term amount due to group undertakings at year end of £57,212,000 (2015: £67,212,000). The original loan amount was for £99,712,000; it is unsecured and incurs interest at LIBOR plus 3.00%. During 2016, the company incurred unamortised issue costs of £71,000 in respect of this loan.

**TRILLIUM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**Loans and borrowings (continued)**

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
<b>Maturity of financial liabilities</b>				
Within one year	9,655	61,510	-	10,000
Between one and five years	210,737	124,129	57,212	57,212
More than five years	71,887	112,542	-	-

In November 2015, the £50,000,000 facility was repaid and replaced with a 5 year amortising £50,700,000 facility with The Royal Bank of Scotland PLC, incurring interest at LIBOR plus 1.85% and secured by a fixed charge over the assets of the Trillium (RMF) Limited.

In August, the group received two loans from London Wall Outsourcing Investments Limited, a related party. Both loans are unsecured and are repayable in full on 18 December 2018. Both loans attract interest at an effective rate of 3.204% per annum.

Loans where security has been provided are secured against either specific assets or cash flows within the group. Amounts due greater than 5 years are all repayable by instalments.

Investment properties valued at £4,475,000 and properties held for sale at a carrying value of £1,536,000 have been used as security against a loan taken out by London Wall Outsourcing Investments Limited, a fellow group undertaking.

Listed on the Channel Islands Stock Exchange are Eurobonds of £72,712,000 (2015: £82,712,000).

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

25. Financial Instruments

	Group 2016 £000	Group 2015 £000	Company 2015 £000	Company 2015 £000
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	-	-	-	-
<b>Financial assets that are debt instruments measured at amortised costs</b>				
Trade debtors	72,164	68,230	-	-
Amounts owed by group undertakings	738,014	635,803	703,139	579,559
Other debtors	9,644	5,804	-	-
Capital projects	1,720	5,057	-	-
Cash and cash equivalents	31,824	51,298	2,523	4,129
Current asset investments	49,885	-	-	-
Finance leases receivable	62,956	66,686	-	-
Accrued income	3,696	2,874	50	-
	<u>969,903</u>	<u>835,752</u>	<u>705,712</u>	<u>583,688</u>
<b>Financial liabilities</b>				
<b>Financial liabilities measured at fair value through profit or loss:</b>				
Interest rate swaps	11,634	11,427	-	-
<b>Financial liabilities measured at amortised cost:</b>				
Bank overdraft	23	178	-	-
Bank loans	141,337	138,548	-	-
Trade creditors	33,761	29,618	-	7
Amounts owed to group undertakings	356,759	285,170	953,123	826,417
Other creditors	4,330	22,952	3,646	1,391
Accruals	67,850	93,720	6	-
	<u>615,694</u>	<u>581,613</u>	<u>956,775</u>	<u>827,815</u>

**Financial instruments - Interest rate swaps**

The group has swaps in place to hedge the interest rate risk on bank loans. This has the effect of fixing the LIBOR rate according to a stepped profile over time at effective rates ranging from 3.45% pa to 5.268% pa. All swaps are out of the money and show a combined fair value of £11,634,000 (2015: £11,427,000). The aggregate notional principal of the outstanding swap contracts at 31 March 2016 was £142,598,000 (2015: £141,265,000).

# TRILLIUM HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 26 Provisions

#### Group

	Dilapidations £000	Life Cycle Capital Expenditure £000	Onerous Leases £000	Other £000	Total £000
At 1 April 2015	31,131	14,291	106,074	8,467	159,963
Charged/(released) to profit or loss	(3,753)	7,300	(5,003)	680	(776)
Unwinding of discount	726	-	2,335	-	3,061
Utilised in year	(1,878)	(5,000)	(23,663)	(5,717)	(36,258)
<b>At 31 March 2016</b>	<b>26,226</b>	<b>16,591</b>	<b>79,743</b>	<b>3,430</b>	<b>125,990</b>

#### Dilapidations

A provision for dilapidations is made in respect of certain non-onerous leasehold properties where it is anticipated that future expenditure will be incurred at the end of the lease. The amounts provided are based on the current estimate of the future costs determined on the basis of the present condition of the relevant properties. Settlement of the amounts provided occurs once agreement is reached with the parties to the lease. In arriving at these provisions, the expected cash flows have been discounted at a risk adjusted rate of 2.75% per annum (2015: 2.75% per annum). This provision is expected to be utilised largely over the remaining term of the PRIME contract, being a period of 2 years.

#### Onerous Leases

An onerous lease provision is established in respect of leasehold properties that are unoccupied or for which the expected future rental income is not expected to meet the rental obligations. The provisions are based on assumptions about expected future rentals and voids. This provision will be settled as the net rental obligations develop. The provision may vary based on the reassessment of the relevant assumptions as circumstances change and new obligations are established. In arriving at these provisions, the expected cash flows have been discounted at a risk adjusted rate of 2.75% per annum (2015: 2.75% per annum).

#### Life Cycle Capital Expenditure

A life cycle capital expenditure provision arises from the contractual arrangements, mainly with the DWP. Settlement of the amounts provided follows agreement with the clients. The provision is expected to be utilised over the remaining term of the contract.

#### Other

Provision has been made for obligations relating to performance that may arise due to a performance scoring system. The scoring system compares actual performance by the PRIME contractor and its obligations under the PRIME agreement to provide facilities management services. It is expected that the provision will be utilised over the next year.



**TRILLIUM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**27. Share capital**

	2016 £000	2015 £000
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
25,300,000 (2015: 25,300,000) Ordinary shares of £1 each	<u>25,300</u>	<u>25,300</u>

# TRILLIUM HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 28. Pension commitments

#### Defined contribution scheme

The company's defined contribution scheme is the only scheme open to new employees. The contributions payable for the year, which amounted to £1,537,000 (2015: £1,628,000), were charged to the Statement of Comprehensive Income. No amounts were outstanding as at 31 March 2016 (2015: £nil). The company also operates a defined benefit pension scheme.

The Group operates a Defined Benefit Pension Scheme.

#### Defined benefit scheme

The company acts as Principal Employer for a defined benefit scheme in the UK for certain employees who transferred to a subsidiary undertaking from BT and who provide services exclusively to the company, and for certain employees who mainly transferred from the Department of Work and Pensions. A full actuarial valuation was carried out as at 1 January 2016 and updated to 31 March 2016 by Aon, a qualified independent actuary.

The company closed the accrual for future defined benefit service from 31 March 2016 and invited employees to join the Telereal Trillium Stakeholder Plan (the Stakeholder Plan) managed by Royal London from 1 April 2016.

Reconciliation of plan assets and liabilities:

	2016 £000	2015 £000
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	121,895	104,029
Current service cost	1,351	1,289
Interest cost	4,128	4,574
Actuarial (gains)/losses	(4,483)	13,335
Contributions	471	455
Benefits paid	(2,845)	(1,787)
<b>At the end of the year</b>	<b>120,517</b>	<b>121,895</b>

	2016 £000	2015 £000
<b>Reconciliation of present value of plan assets</b>		
At the beginning of the year	107,489	94,986
Interest income	3,626	4,168
Actuarial gains/(losses)	(3,471)	9,162
Contributions	1,274	1,360
Benefits paid	(2,845)	(1,787)
Administration expenses	(472)	(400)
<b>At the end of the year</b>	<b>105,601</b>	<b>107,489</b>

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

28. Pension commitments (continued)

Composition of plan assets:

	2016 £000	2015 £000
UK equities	35,725	32,853
Global equities	32,121	31,365
Emerging market debt	6,248	6,127
Asset backed securities	7,480	13,932
Property	22,639	22,050
Cash and accruals	1,388	1,162
<b>Total plan assets</b>	<b>105,601</b>	<b>107,489</b>

	2016 £000	2015 £000
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The amounts recognised in the statement of financial position are as follows:

Fair value of plan assets	105,601	107,489
Present value of plan liabilities	(120,517)	(121,895)
<b>Net pension scheme liability</b>	<b>(14,916)</b>	<b>(14,406)</b>

The amounts recognised in profit or loss are as follows:

	2016 £000	2015 £000
Current service cost	1,351	1,289
Administration expense	472	400
Net interest expense	502	406
<b>Total</b>	<b>2,325</b>	<b>2,095</b>

The cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income was £12,332,000 (2015 - £13,344,000).

**TRILLIUM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**28. Pension commitments (continued)**

The Group expects to contribute £1,488,000 to its Defined Benefit Pension Scheme in 2017.

	2016 £000	2015 £000
<b>The return on plan assets was:</b>		
Interest income on plan assets	3,626	(4,168)
(Loss)/gain on plan assets	(3,471)	9,162
	<u>155</u>	<u>4,994</u>

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2016	2015
<b>Total return on plan assets</b>		
Discount rate at 31 March	3.5%	3.4%
Future salary increases	1.85%	1.90%
Future pension increases	1.85%	1.90%
Inflation (RPI)	2.95%	3.0%
Mortality rates		
- for a male aged 65 now	22.8	22.8
- at 65 for a male aged 45 now	24.6	24.5
- for a female aged 65 now	24.9	24.8
- at 65 for a female member aged 45 now	26.8	26.7

Defined benefit pension schemes

	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
Defined benefit obligation	(120,517)	(121,895)	(104,029)	(98,898)	(88,816)
Scheme assets	105,601	107,489	94,986	86,937	74,345
<b>Deficit</b>	<u>(14,916)</u>	<u>(14,406)</u>	<u>(9,043)</u>	<u>(11,961)</u>	<u>(14,471)</u>
Experience adjustments on scheme liabilities	4,483	(13,335)	(551)	(5,857)	(9,804)
Experience adjustments on scheme assets	<u>(3,471)</u>	<u>9,162</u>	<u>2,583</u>	<u>8,140</u>	<u>(1,432)</u>

**TRILLIUM HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**29. Commitments under operating leases**

At 31 March 2016 the Group and the Company had future minimum lease payments under non cancellable operating leases as follows:

	Land and buildings 2016 £000	Land and buildings 2015 £000	Other 2016 £000	Other 2015 £000
Within 1 year	232,616	238,443	111	47
Later than 1 year and not later than 5 years	292,070	510,319	133	298
Later than 5 years	134,882	169,499	-	-
	<u>659,568</u>	<u>918,261</u>	<u>244</u>	<u>345</u>

## TRILLIUM HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 30. Related party transactions

The company has taken advantage of the exemption provided by paragraph 33.1A of FRS 102 not to disclose transactions with wholly owned entities that are part of the group owned by London Wall Outsourcing Investments Limited, for which consolidated financial statements are publicly available.

Excluding the amounts above, during the year, the group had the following related party transactions:

	2016 £000	2015 £000
Interest (receivable from) / payable to related parties	(12,938)	(9,403)
Management fees receivable from related parties	(1,716)	(1,082)
Amounts owed to / (owed by) related parties at year end	381,188	350,631

Other than those disclosed elsewhere in the financial statements, the amounts included above, in respect of current and past fellow group undertakings, relate to:

Tele - Finance Holdings Limited  
Telereal Investments Limited  
Telereal 112 Investments Limited  
Regional Land Holdings Limited  
Telereal General Property Limited Partnership  
Telereal Securitised Property Limited Partnership  
Terrace SP LP Limited  
Telereal Securitised Property Holdings Limited  
Telereal Securitised Property GP Limited  
Telereal General Property GP Limited  
Terrace GP LP Limited  
Terrace GP Holdings Limited  
Talisman Real Estate Limited  
Telereabs International Ventures Limited  
Telereal 112 Limited  
Flagstaff 2 Limited  
Flagstaff 3 Limited  
Flagstaff 4 Limited  
Amberglow Services Holdings Limited  
Aeroling Land Limited  
Telereal (Brentwood) Limited

#### Further transactions:

On 30 January 2015, companies owned by directors of Telereal (Brentwood) Limited, Adam Dakin, Russell Gurnhill and Warren Persky each purchased 25 shares, 6.25% of Telereal (Brentwood) Limited. Ian Ellis and Graeme Hunter, also company directors, each purchased 25 shares, 6.25% of the shares in company. The company paid dividends totalling £440,000 in the year, of which £137,000 was paid to the above companies/directors. In addition £838,000 from proceeds of capital reduction of £2,680,000 was also paid.

## **TRILLIUM HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **31. Controlling party**

Trillium Holdings Limited is a wholly owned subsidiary of London Wall Outsourcing Limited.

The ultimate parent undertaking and controlling party is Field Nominees Limited (incorporated in Bermuda), as nominee for the B Pears 1967 Family Trust. The largest parent undertaking to consolidate these financial statements is Tele-Finance Holdings Limited, which is incorporated in the British Virgin Islands.

The parent undertaking of the smallest group of companies to consolidate the results of the company is London Wall Outsourcing Limited. The annual report and accounts of London Wall Outsourcing Limited may be obtained from the Company Secretary, 140 London Wall, London, EC2Y 5DN, which is also the registered office and principal place of business of Trillium Holdings Limited.

## TRILLIUM HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 32. Subsidiaries

The company holds direct and indirect investments of 100% of the nominal value of any class of share of subsidiary undertakings. All subsidiary undertakings operate in Great Britain and are registered in England and Wales except for Telereal Walton Limited, which is incorporated in Jersey. The wholly owned group undertakings at 31 March 2016 which are held indirectly are as follows:

Trillium (PRIME) Property GP Limited - (Property management and services)  
Trillium (PRIME) Limited - (Property management and services)  
Trillium Property Services (PRIME) Limited - (Property management and services)  
Trillium (PRIME) Furniture Limited - (Dormant company)  
Trillium (PRIME) Holdings Limited - (Holding company) \*  
Trillium (PRIME) Project Holdings Limited - (Holding company) \*  
Trillium Group Limited - (Holding company) \*  
Trillium Bastion House Limited - (Property management and services)  
Trillium Property Services Limited - (Overhead and service company)  
PPM Holdings Limited - (Holding company)  
Trillium (Media Services) Limited - (Property management and services)  
Telereal Walton Limited - (Holding company) \*  
Telereal Limited - (Dormant company)  
Telereal Telecom Services Limited - (Overhead and service company)  
Telereal Services Limited - (Overhead and service company)  
Telereal Developments Limited - (Property management and services)  
Telereal Ventures Limited - (Property management and services)  
Telereal Holdings Limited - (Holding company)  
Telereal General Freehold Nominee Limited - (Nominee company)  
Telereal Securitised Freehold Nominee Limited - (Nominee company)  
Telereal Freehold Nominee Company Limited - (Nominee company)  
Trillium (Horizon) Limited - (Holding company) \*  
Trillium (Horizon) Other Properties Limited - (Dormant company) \*  
Trillium (Horizon) Leaseholds Limited - (Property management and services)  
Telereal Trillium Limited - (Dormant company) \*  
Trillium Limited - (Dormant company) \*  
Trillium (Lancaster) Newco 50 Limited - (Dormant company) \*  
Trillium (DV1A) Limited - (Property management and services) \*  
Trillium New Business Limited - (Dormant company) \*  
Telereal 112 Property Limited - (Property management and services) \*  
Trillium (Eagle) Limited - (Property management and services) \*  
Trillium (FHBI) Property Limited - (Holding company) \*  
Trillium (Sovereign House) Limited - (Dormant company)  
Trillium Developments (Services) Limited - (Property management and services) \*  
Trillium (RMH) Limited - (Holding company) \*  
Trillium (RML) Limited - (Property management and services)  
Trillium (RMF) Limited - (Property management and services)  
Flagstaff 1 Limited - (Dormant company) \*  
Flagstaff 5 Limited - (Dormant company) \*  
Trillium UK Limited - (Dormant company) \*  
Trillium Property Investments Limited - (Dormant company) \*  
Trillium Property Trading Limited - (Property management and services) \*  
Trillium Property Trading (Falkirk) Limited - (Dormant company)  
Telereal Property Partners Limited - (Holding company) \*  
Manston Properties Limited - (Property management and services) \*  
Telereal (Caledonian Limited) - (Property management and services) \*  
Telereal Trading Property Limited - (Property management and services) \*

\* - direct holdings



## **TRILLIUM HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

In addition, through the subsidiaries listed above, the company owns a 100% interest in Trillium (PRIME) Property Limited Partnership (dormant partnership) which is registered in England and Wales.

The group holds a 68.75% share of Telereal (Brentwood) Limited, a property management and services company. The company operates in Great Britain and is registered in England and Wales.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

This is the first year the group has presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. Set out below are the changes in accounting policies which reconcile the profit for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102.

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TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

33. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 March 2015 £000	Effect of transition 31 March 2015 £000	FRS 102 (as restated) 31 March 2015 £000
Turnover	1	671,306	3,960	675,266
Operating costs	2	(507,121)	2,029	(505,092)
Release of onerous lease provision		76,939	-	76,939
Net movement in valuation of properties	3	(42,604)	3,906	(38,698)
Loss on disposal of subsidiary		(2,430)	-	(2,430)
Interest receivable and similar income	4	27,484	(1,371)	26,113
Interest payable and similar charges	4	(83,005)	30,021	(52,984)
Taxation		(22,458)	(7,420)	(29,878)
<b>Profit on ordinary activities after taxation and for the financial year</b>		<b>118,111</b>	<b>31,125</b>	<b>149,236</b>
Non controlling interest share of profit		(59)	-	(59)
<b>Profit attributable to owners of parent company</b>		<b>118,052</b>	<b>31,125</b>	<b>149,177</b>

Explanation of changes to previously reported profit and equity:

- 1 The cost of lease incentives, such as rent free periods, are now amortised over the term of the leases concerned rather than over the period to the first contractual review of market rents or break date.
- 2 Recognising revaluation surpluses and deficits on investment properties in the Statement of Comprehensive Income. This was previously recorded in a separate revaluation reserve in capital and reserves. The adjustment also includes the impact of the non-depreciation of short leasehold properties.
- 3 Recognition of the fair value of the company's interest rate swaps on the balance sheet. The movement in the fair value of derivatives during the year is (charged)/credited to the income statement.
- 4 Providing in full for deferred tax on derivatives and charging movements on this provision through the income statement

There are no transition adjustments for the company.