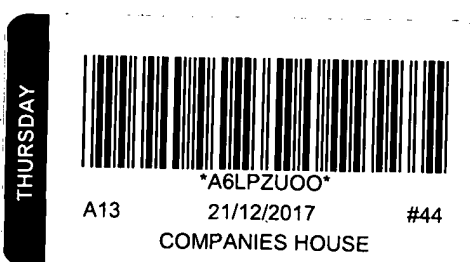


TRILLIUM HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017



TRILLIUM HOLDINGS LIMITED

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TRILLIUM HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their strategic report for Trillium Holdings Limited (the "company") and its subsidiaries (together, the "group") for the year ended 31 March 2017.

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 £181,369,000 (2016: £130,522,000) in the year ended 31 March 2017.

Turnover in the year decreased to £618,174,000 (2016: £647,397,000) primarily as a consequence of the expiry of the BT facilities services contract at 31 March 2016, and further due to property vacations, reduced contractual income and capital project income.

Operating profit after property disposals and revaluations, which totalled a combined loss of £21,620,000 (2016: £31,466,000) was £150,841,000 (2016: £161,319,000). Revaluation of the group's DWP contract furniture and equipment during the year resulted in an uplift of £4,710,000 (2016: £35,230,000).

The group's investment and operating properties were revalued at 31 March 2017, resulting in a combined income of £10,389,000 (2016: expense of £25,855,000) to consolidated statement of comprehensive income, of which a charge of £20,111,000 (2016: £29,705,000) was recognised in operating profit and income of £30,500,000 (2016: £3,850,000) in other comprehensive income. There was a further loss on disposal of properties of £1,509,000 (2016: £1,761,000).

TRILLIUM HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

Principal activities and business review (continued)

The group reported net finance income for the year of £42,094,000 (2016: income of £4,353,000). The credit for 2017 included an exceptional receipt of £22,595,000 in settlement of the group's ongoing dispute in relation to payments due in consequence of a previous financing.

At 31 March 2017, the group's total equity was £819,955,000 (2016: £665,954,000), an increase of £154,001,000 since the prior year.

Total tangible fixed assets and investment properties decreased by £6,040,000 during the year, as a result of disposals with a carrying amount of £20,407,000, partially offset by additions of £14,915,000, depreciation of £15,647,000 and a revaluation surplus of £15,099,000.

At the year end, the group's non-controlling interest was £861,000 (2016: £648,000).

Future developments

The PRIME contract ends on 31 March 2018. It is expected that the current level of operations will continue until that date with reduced income and costs thereafter. Other than this, it is not envisaged that the group will initiate any plans to restructure its principal activities in the forthcoming year.

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.

Valuation of furniture and equipment

At the end of the PRIME contract, the DWP has the right to exercise an option to acquire furniture and equipment at market value at those sites it continues to occupy. The valuation of furniture in the financial statements assumes that the DWP will exercise this option. However, should the DWP not exercise the option, the basis of valuation would materially change. The directors consider that the risk of the DWP not exercising the option is extremely low.

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.

TRILLIUM HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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.

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.

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

21 DEC 2017

and signed on its behalf.



Aaron Burns
Company Secretary

TRILLIUM HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the audited financial statements for Trillium Holdings Limited and its subsidiaries (the 'group') for the year ended 31 March 2017.

Dividends

During the year ended 31 March 2017, the company paid dividends of £1.08 (2016: £0.03) per share, totalling £27,368,000 (2016: £1,837,000). Subsequent to year end, the company has paid further dividends of £1,480,000.

Directors

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

Adam Dakin
Graham Edwards
Michael Hackenbroch (appointed 4 September 2017)
Russell Gurnhill
Graeme Hunter
Warren Persky (resigned 19 September 2017)

Charitable donations

The group made various charitable contributions totalling £135,000 (2016: £471,000) 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.

Qualifying third party indemnity provisions

Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006), commonly known as Directors and Officers insurance, 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.

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 40 days (2016: 28 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 in the strategic report. They form part of this report by cross-reference.

TRILLIUM HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

Employee involvement

The group employed an average of 249 people (2016: 420) 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.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company 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 2017**

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 the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the 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

21 DEC 2017

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 2017 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 Balance Sheet as at 31 March 2017;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the 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", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRILLIUM HOLDINGS LIMITED
(CONTINUED)**

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.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



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

21 December 2017

TRILLIUM HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £000	2016 as restated £000
Turnover	4	618,174	647,397
Operating costs		(445,713)	(454,612)
Net movement in valuation of properties	8	(21,620)	(31,466)
Operating profit	9	150,841	161,319
Interest receivable and similar income	10	36,544	25,583
Exceptional finance income	11	22,595	-
Interest payable and similar charges	12	(17,045)	(21,230)
Profit before taxation		192,935	165,672
Tax on profit	13	(40,199)	(39,686)
Profit for the financial year		152,736	125,986
Unrealised surplus on revaluation of tangible fixed assets	16	30,500	3,850
Movement of deferred tax relating to pension deficit		84	(326)
Actuarial (losses)/gains on defined benefit pension scheme	28	(1,951)	1,012
Other comprehensive income for the year		28,633	4,536
Total comprehensive income for the year		181,369	130,522
Profit for the year attributable to:			
Non-controlling interests		213	273
Owners of the parent company		152,523	125,713
		152,736	125,986
Total comprehensive income for the year attributable to:			
Non-controlling interest		213	273
Owners of the parent company		181,156	130,249
		181,369	130,522

All amounts relate to continuing operations.

The notes on pages 18 to 52 form part of these financial statements.

TRILLIUM HOLDINGS LIMITED
REGISTERED NUMBER: 03487308

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £000	2016 as restated £000
Fixed assets			
Intangible assets	15	58,396	62,423
Tangible assets	16	330,265	326,696
Investment property	17	116,424	126,033
		<u>505,085</u>	<u>515,152</u>
Current assets			
Properties held for sale		12,879	15,979
Debtors	19	1,291,797	925,043
Current asset investments	20	-	49,885
Cash at bank and in hand	21	31,981	31,824
		<u>1,336,657</u>	<u>1,022,731</u>
Creditors: amounts falling due within one year	22	(625,463)	(407,935)
Net current assets		<u>711,194</u>	<u>614,796</u>
Total assets less current liabilities		<u>1,216,279</u>	<u>1,129,948</u>
Creditors: amounts falling due after more than one year	23	(293,886)	(309,189)
Provisions for liabilities			
Deferred tax	24	(13,997)	(13,899)
Provisions	25	(70,476)	(125,990)
		<u>(84,473)</u>	<u>(139,889)</u>
Net assets excluding pension liability		<u>837,920</u>	<u>680,870</u>
Pension liability	28	(17,965)	(14,916)
Net assets		<u><u>819,955</u></u>	<u><u>665,954</u></u>

TRILLIUM HOLDINGS LIMITED
REGISTERED NUMBER: 03487308

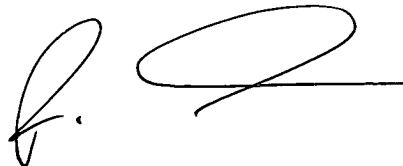
CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2017

	Note	2017 £000	2016 as restated £000
Capital and reserves			
Called up share capital	30	25,300	25,300
Share premium account		299,700	299,700
Revaluation reserve		55,723	26,172
Retained earnings		438,371	314,134
Equity attributable to owners of the parent company		<u>819,094</u>	<u>665,306</u>
Non-controlling interests		861	648
Total equity		<u><u>819,955</u></u>	<u><u>665,954</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
21 DEC 2017



Michael Hackenbroch
Director



Russell Gurnhill
Director

The notes on pages 18 to 52 form part of these financial statements.

TRILLIUM HOLDINGS LIMITED
REGISTERED NUMBER: 03487308

COMPANY BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £000	2016 £000
Fixed assets			
Investments	18	585,083	572,112
		<u>585,083</u>	<u>572,112</u>
Current assets			
Debtors	19	836,667	759,678
Cash at bank and in hand	21	2,183	2,523
		<u>838,850</u>	<u>762,201</u>
Creditors: amounts falling due within one year	22	(972,800)	(899,634)
Net current liabilities		<u>(133,950)</u>	<u>(137,433)</u>
Total assets less current liabilities		<u>451,133</u>	<u>434,679</u>
Creditors: amounts falling due after more than one year	23	(52,212)	(57,141)
Net assets		<u><u>398,921</u></u>	<u><u>377,538</u></u>
Capital and reserves			
Called up share capital	30	25,300	25,300
Share premium account		299,700	299,700
Retained earnings		73,921	52,538
Total equity		<u><u>398,921</u></u>	<u><u>377,538</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
21 DEC 2017



Michael Hackenbroch
Director



Russell Gurnhill
Director

The notes on pages 18 to 52 form part of these financial statements.

TRILLIUM HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Retained earnings restated £000	Total equity attributable to owners of parent company £000	Non- controlling interests £000	Total equity as restated £000
At 1 April 2016 (as previously stated)	25,300	299,700	26,172	280,455	631,627	648	632,275
Prior year adjustment	-	-	-	33,679	33,679	-	33,679
At 1 April 2016 (as restated)	25,300	299,700	26,172	314,134	665,306	648	665,954
Comprehensive income for the year							
Profit for the financial year	-	-	-	152,523	152,523	213	152,736
Actuarial losses on pension scheme after deferred tax	-	-	-	(1,867)	(1,867)	-	(1,867)
Surplus on revaluation of freehold property	-	-	30,500	-	30,500	-	30,500
Transfer to/from profit and loss account	-	-	(949)	949	-	-	-
Other comprehensive income for the year	-	-	29,551	(918)	28,633	-	28,633
Total comprehensive income for the year	-	-	29,551	151,605	181,156	213	181,369
Transactions with owners							
Dividends paid	-	-	-	(27,368)	(27,368)	-	(27,368)
Total transactions with owners	-	-	-	(27,368)	(27,368)	-	(27,368)
At 31 March 2017	25,300	299,700	55,723	438,371	819,094	861	819,955

The notes on pages 18 to 52 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 as restated £000	Total equity attributable to owners of parent Company as restated £000	Non- controlling interests £000	Total equity as restated £000
At 1 April 2015 (as previously stated)	25,300	299,700	23,061	169,569	517,630	1,350	518,980
Prior year adjustment	-	-	-	19,264	19,264	-	19,264
At 1 April 2015 (as restated)	25,300	299,700	23,061	188,833	536,894	1,350	538,244
Comprehensive income / (expense) for the year							
Profit for the financial year	-	-	-	125,713	125,713	273	125,986
Actuarial losses 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	-	-	-
Other comprehensive expense for the year	-	-	3,111	1,425	4,536	-	4,536
Total comprehensive income for the year	-	-	3,111	127,138	130,249	273	130,522
Dividends paid	-	-	-	(1,837)	(1,837)	(137)	(1,974)
Capital reduction	-	-	-	-	-	(838)	(838)
Total transactions with owners	-	-	-	(1,837)	(1,837)	(975)	(2,812)
At 31 March 2016	25,300	299,700	26,172	314,134	665,306	648	665,954

The notes on pages 18 to 52 form part of these financial statements.

TRILLIUM HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital	Share premium account	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 April 2016	25,300	299,700	52,538	377,538
Comprehensive income for the year				
Profit for the financial year and total comprehensive income	-	-	48,751	48,751
Contributions by and distributions to owners				
Dividends paid	-	-	(27,368)	(27,368)
At 31 March 2017	<u>25,300</u>	<u>299,700</u>	<u>73,921</u>	<u>398,921</u>

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

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

The notes on pages 18 to 52 form part of these financial statements.

TRILLIUM HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	2017 £000	2016 as restated £000
Cash flows from operating activities		
Profit for the financial year	152,736	125,986
Adjustments for:		
Amortisation of intangible assets	4,027	4,027
Depreciation of tangible assets	15,647	18,148
Deficit on revaluation of fixed assets	19,059	23,920
Reversal of impairment of furniture and equipment	(4,710)	(35,230)
Interest payable and similar charges	17,045	21,230
Interest receivable and similar income	(59,138)	(25,583)
Taxation	40,199	39,686
Decrease/(increase) in trading properties	3,100	(5,310)
(Increase) in debtors	(3,577)	(601)
(Increase) in amounts owed by group undertakings	(151,562)	(31,490)
(Decrease) in creditors	(9,568)	(44,795)
(Decrease) in provisions	(57,942)	(37,034)
Excess of net pension liabilities charge over pension contributions	1,098	1,522
Corporation tax paid	(32,932)	(32,635)
Loss on disposal of tangible assets	1,509	1,761
Revaluation of investment properties	1,052	5,785
Net cash (utilised)/generated from operating activities	(63,957)	29,387
Cash flows from investing activities		
Purchase of tangible fixed assets	(5,890)	(6,364)
Sale of tangible fixed assets and investment property	18,898	5,324
Purchase of investment properties	(9,025)	(13,639)
Interest received	58,628	24,919
Sale of treasury bills	49,885	292,000
Purchase of treasury bills	-	(341,885)
Net cash generated/(utilised) from investing activities	112,496	(39,645)

TRILLIUM HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

	2017 £000	2016 £000
Cash flows from financing activities		
New secured loans	-	50,700
Repayment of loans	(6,716)	(47,699)
Dividends paid	(27,368)	(1,837)
Interest paid	(14,399)	(9,250)
Payments to non-controlling interests	-	(975)
Net cash utilised from financing activities	(48,483)	(9,061)
Net increase/(decrease) in cash and cash equivalents	56	(19,319)
Cash and cash equivalents at beginning of year	31,801	51,120
Cash and cash equivalents at the end of year	31,857	31,801
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	31,981	31,824
Bank overdrafts	(124)	(23)
	31,857	31,801

The notes on pages 18 to 52 form part of these financial statements.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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 32.

Basis of preparation of financial statements

The group and individual financial statements of Trillium Holdings Limited have been prepared in compliance with 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.

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 Statement of Comprehensive Income.

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) preparation of a statement of cash flows on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;
- (ii) 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;
- (iii) from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7; and
- (iv) related party disclosures in accordance with paragraph 33.1A of FRS 102, to the extent that the company transacts with wholly owned subsidiaries of the wider group.

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

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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.

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

Turnover

The group recognises turnover when the significant risks and rewards of ownership have been transferred to the buyer, the group 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 group and when the specific criteria relating to each of the group'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

Management fees are recognised in the Statement of Comprehensive Income on an accruals basis.

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.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

Turnover (continued)

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 the 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.

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 income or 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.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

Taxation (continued)

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.

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 long 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.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

Tangible fixed assets (continued)

Furniture and equipment is capitalised at cost and carried in the financial statements at market value, based on a depreciated replacement cost methodology. Valuation gains 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 upwards, 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 and equipment, are stated at historical cost less accumulated depreciation and any recognised impairment losses.

Depreciation is provided on assets other than furniture and equipment 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.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

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. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed.

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 of 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 three 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 debtors, 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, e.g. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting policies (continued)

Financial instruments (continued)

Financial assets are assessed at the end of each reporting period for objective evidence of impairment. If such evidence 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.

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 creditors, 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 creditors, 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, such as 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 a 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, are not basic financial instruments.

Derivatives are recognised initially 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 Balance Sheet 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 2017

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 estimates take account of relevant external advice.

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

A provision for onerous leases is recognised when the expected benefits to be derived by the group 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.

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 for 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting policies (continued)

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.

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 and operating 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 and equipment

Furniture and equipment is valued by independent valuers, specialists in their field, 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

Derivatives are valued at each reporting date. 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.

Defined benefit pension scheme

The group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimate these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. Prior year adjustment

Furniture and equipment

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 the subsidiaries of the group.

It has not been possible to accurately allocate ownership of individual items of equipment on the estate between these subsidiaries. This is as a result of equipment entering the estate by a range of different procurement routes over the period of the contract, and also due to the trading arrangements between the entities which operate under the PRIME contract. Therefore, equipment does not meet the FRS 102 criteria for recognition as an asset in the individual financial statements of these subsidiaries. However, the equipment that falls within the PRIME contract definition should have been recognised as an asset in the consolidated financial statements of the group.

The consolidated financial statements have been restated to incorporate the valuation of the equipment within the DWP estate. For the financial year ended 31 March 2016, the change has resulted in a reversal of previous impairments of furniture and equipment totalling £41,579,000 previously recognised in profit for the financial year, offset by deferred tax on the uplift in value of £7,900,000. Equity attributable to the owners of the parent company increased by £33,679,000.

Group

	2016 £000
Balance sheet	
Increase in furniture and equipment	41,579
Deferred taxation	(7,900)
	<hr/>
Net assets	33,679
	<hr/>
Increase in retained earnings	33,679
	<hr/>
Statement of Comprehensive Income	
Decrease in operating costs	17,796
Taxation	(3,381)
	<hr/>
Increase in profit and total comprehensive income for the financial year arising from revaluation of assets	14,415
	<hr/>

Statement of cash flows - prior year restatement

The statement of cash flows has been restated to reclassify the group's £49,885,000 investment in treasury bills. In the financial statements for the year ended 31 March 2016, they were incorrectly classified within the Statement of Cash Flows as cash equivalents. This has been amended in these financial statements, to reflect the purchase and sale of the treasury notes within investing activities. There is no impact on either the Balance Sheet or Statement of Comprehensive Income.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4. Turnover

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

	2017 £000	2016 £000
Property services income	575,266	587,675
Capital projects	1,777	9,080
Third party rents	23,133	25,662
Other income	6,880	15,964
Management fee income	1,789	1,716
Disposals of properties held for sale	9,329	7,300
	<u>618,174</u>	<u>647,397</u>

All turnover arose within the United Kingdom.

5. Auditors' remuneration

	2017 £000	2016 £000
Fees payable to the group's auditor and its associates for the audit of the group's annual accounts	600	741
Fees payable to the group's auditor and its associates in respect of:		
Company	28	23
Group	572	718
Fees for tax and IT related services	-	34

6. Staff costs

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	35,677	42,264
Social security costs	4,631	5,025
Other pension costs	1,550	2,887
	<u>41,858</u>	<u>50,176</u>

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

Staff costs (continued)

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

	2017 No.	2016 No.
Operational	231	375
Administration	18	45
	<u>249</u>	<u>420</u>

All employees were employed in the United Kingdom.

7. Directors' remuneration

	2017 £000	2016 £000
Aggregate emoluments excluding long term incentive scheme and pensions	274	272
Aggregate amounts receivable under long term incentive schemes	2,479	2,240
Payments to defined contribution pension schemes	5	21
	<u>2,758</u>	<u>2,533</u>

During the year, retirement benefits were accruing to no (2016: four) directors in respect of defined contribution pension schemes, and no (2016: one) director in respect of a defined benefit scheme.

The highest paid director received remuneration of £1,028,000 (2016: £951,000).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2016: £5,000).

Directors are remunerated by group companies.

8. Net movement in valuation of properties

	2017 £000	2016 £000
Loss on revaluation of investment properties	1,052	5,785
Impairment of land and buildings	19,059	23,920
Loss on disposal of properties	1,509	1,761
Net expense on total movement	<u>21,620</u>	<u>31,466</u>

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

9. Operating profit

Operating profit is stated after charging/(crediting):

	2017 £000	2016 as restated £000
Depreciation of tangible fixed assets	15,647	18,148
Revaluation surplus of furniture and equipment	(4,710)	(35,230)
Amortisation of goodwill	4,027	4,027
Plant and machinery operating lease rentals	100	244
Other operating lease rentals	217,884	234,610
Cost of properties disposed	5,298	3,484
Amortisation of deferred revenue	(5,842)	(6,208)
	<u> </u>	<u> </u>

10. Interest receivable and similar income

	2017 £000	2016 £000
Interest receivable from group companies	27,202	18,522
Change in fair value of interest rate swaps	1,339	-
Interest receivable under finance leases	6,862	6,163
Other interest receivable	1,141	898
	<u> </u>	<u> </u>
	<u>36,544</u>	<u>25,583</u>

11. Exceptional finance income

	2017 £000	2016 £000
Exceptional finance receipt	22,595	-
	<u> </u>	<u> </u>

The exceptional finance receipt of £22,595,000 represents a receipt pursuant to the settlement of the group's dispute in relation to payments due as a consequence of a previous financing. The group had previously paid £25,078,000 following an adjudication award made against it, which was charged as a finance cost in the year ended 31 March 2015.

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

12. Interest payable and similar charges

	2017 £000	2016 £000
Bank interest payable	5,573	6,057
Loans from group undertakings	6,909	7,511
Change in fair value of interest rate swaps	-	2,135
Unwind of discount of provisions	2,426	3,061
Other interest payable and finance charges	2,137	2,466
	<u>17,045</u>	<u>21,230</u>

13. Taxation

	2017 £000	2016 as restated £000
Corporation tax		
Current tax on profits for the year	41,148	34,196
Adjustments in respect of previous periods	(1,131)	(772)
Total current tax	<u>40,017</u>	<u>33,424</u>
Deferred tax		
Origination and reversal of timing differences	147	6,215
Adjustments regarding prior periods	35	47
Total deferred tax	<u>182</u>	<u>6,262</u>
Taxation on profit on ordinary activities	<u>40,199</u>	<u>39,686</u>

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £000	2016 as restated £000
Profit before tax	192,935	165,672
Profit multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	38,587	33,134
Effects of:		
Permanent differences	2,170	1,770
Income not taxable	(1,703)	(678)
Other timing differences	(1,310)	659
Revaluation of property	3,754	2,014
Pregnant capital gains	290	-
Loss on disposals	596	-
Adjustments regarding prior year	(1,096)	(772)
Rate changes	(847)	3,483
Other	(242)	76
Total tax charge for the year	40,199	39,686

Factors that may affect future tax charges

For the years ending 31 March 2018, 2019 and 2020, the main rate of corporation tax will be 19%. The Spring Budget 2017 announced that the main corporation tax rate for the year ending 2021 will be reduced to 17%.

14. Dividends

	2017 £000	2016 £000
Dividends £1.08 per share (2016: £0.03 per share)	27,368	1,837
Dividends to non-controlling interest at £nil (2016: £1,098.75) per share	-	137

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

15. Intangible assets

Group

	Goodwill £000
Cost	
At 1 April 2016	80,546
At 31 March 2017	<u>80,546</u>
Amortisation	
At 1 April 2016	18,123
Charge for the year	4,027
At 31 March 2017	<u>22,150</u>
Net book value	
At 31 March 2017	<u><u>58,396</u></u>
At 31 March 2016	<u><u>62,423</u></u>

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

16. Tangible fixed assets

Group

	Freehold property £000	L/Term Leasehold Property £000	S/Term Leasehold Property £000	Plant and machinery £000	Furniture and equipment as restated £000	Total £000
Cost or valuation						
At 1 April 2016 (as previously stated)	312,368	363	83,078	11,849	68,569	476,227
Prior Year Adjustment	-	-	-	-	41,579	41,579
At 1 April 2016 (as restated)	312,368	363	83,078	11,849	110,148	517,806
Additions	127	1	344	203	5,215	5,890
Disposals	(4,591)	-	(723)	(245)	-	(5,559)
Transfers between classes	2,676	1	(2,201)	-	-	476
Revaluations	11,441	-	-	-	4,710	16,151
At 31 March 2017	322,021	365	80,498	11,807	120,073	534,764
Depreciation						
At 1 April 2016	125,161	262	56,564	9,123	-	191,110
Charge for the year	2,983	1	11,223	1,440	-	15,647
Disposals	(2,055)	-	(681)	(245)	-	(2,981)
Transfers between classes	2,676	1	(1,954)	-	-	723
At 31 March 2017	128,765	264	65,152	10,318	-	204,499
Net book value						
At 31 March 2017	193,256	101	15,346	1,489	120,073	330,265
At 31 March 2016 (as restated)	187,207	101	26,514	2,726	110,148	326,696

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Tangible fixed assets (continued)

Of the surplus/(deficit) on revaluation of freehold property, £19,059,000 (2016: £23,920,000) has been treated as a diminution in value and recognised in the Consolidated Statement of Comprehensive Income. The remaining surplus of £30,500,000 (2016: £3,850,000) has been recognised in other comprehensive income.

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

At 31 March 2016 and 31 March 2017, 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.

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 and equipment is capitalised as an asset.

The directors have worked with their independent valuers, Hilco Appraisal Limited, who have valued the furniture and equipment assets at 31 March 2017 and 31 March 2016 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 2017 was £120,073,000 (2016: £110,148,000). The replacement cost of furniture and equipment across the PRIME estate at 31 March 2017 was valued was £243,805,000 (2016: £213,779,000).

The carrying value of revalued freehold operating properties under the historic cost basis would be as follows:

	2017 £000	2016 £000
Group		
Cost	93,673	97,592
Accumulated depreciation	(19,134)	(16,808)
	<u>74,539</u>	<u>80,784</u>

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

17. Investment property

Group

	Freehold investment property £000	Leasehold investment property £000	Total £000
Valuation			
At 1 April 2016	111,828	14,205	126,033
Additions at cost	8,944	81	9,025
Disposals	(17,557)	(272)	(17,829)
Surplus/(deficit) on revaluation	862	(1,914)	(1,052)
Transfers between classes	(1,329)	1,576	247
At 31 March 2017	102,748	13,676	116,424

The fair value of the group's investment properties at 31 March 2017 and 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 CBRE Limited, independent valuers. The valuation by CBRE Limited, 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.

Investment properties valued at £16,440,000 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 2017

18. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost	
At 1 April 2016	606,509
Additions	4,683
Entities dissolved	(17,809)
At 31 March 2017	<u>593,383</u>
Accumulated impairment	
At 1 April 2016	34,397
Reversal of prior year impairment	(8,288)
Entities dissolved	(17,809)
At 31 March 2017	<u>8,300</u>
Net book value	
At 31 March 2017	<u>585,083</u>
At 31 March 2016	<u>572,112</u>

During the year the company purchased 100% of the ordinary share capital of Trillium (Media Services) Limited, being 4,684 shares, for a total consideration of £4,683,000.

During the year the company reversed the previous impairment of the entity Trillium Group Limited following an increase in the company's net assets. Further, fully impaired entities that have been dissolved were removed in the year.

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 the subsidiaries see note 33.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

19. Debtors

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Due after more than one year				
Net investment in finance leases	54,661	59,083	-	-
Prepayments and accrued income	7,635	7,580	-	-
	<u>62,296</u>	<u>66,663</u>	<u>-</u>	<u>-</u>
Due within one year				
Trade debtors	71,763	72,164	-	-
Amounts owed by group companies	1,101,181	738,014	780,390	703,139
Net investment in finance leases	4,422	3,873	-	-
Other debtors	5,948	9,644	-	-
Prepayments and accrued income	46,187	34,685	2	50
Tax recoverable	-	-	56,275	56,489
	<u>1,291,797</u>	<u>925,043</u>	<u>836,667</u>	<u>759,678</u>
	Gross 2017 £000	Net 2017 £000	Gross 2016 £000	Net 2016 £000
Net investment in finance leases				
Investment in finance leases	92,173	59,083	103,204	62,956
	<u>92,173</u>	<u>59,083</u>	<u>103,204</u>	<u>62,956</u>
Maturity of finance leases				
Within one year	11,084	4,422	11,030	3,873
Between one and five years	44,827	24,464	44,654	21,601
After more than five years	36,262	30,197	47,520	37,482
	<u>92,173</u>	<u>59,083</u>	<u>103,204</u>	<u>62,956</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.

Included in amounts owed by group companies is a loan of £80,000,000 (2016: £80,000,000) to London Wall Outsourcing Limited, a fellow group undertaking. The loan is repayable on demand with a fixed rate interest receivable of 4.56% per annum.

All other amounts owed by group undertakings are unsecured and repayable on demand. Interest was received on these balances at LIBOR plus 3% per annum (2016: LIBOR plus 3% per annum).

As at 31 March 2017, the group recorded overdue, but not impaired, balances of £11,665,000 (2016: £2,575,000). Of these balances £11,811,000 (2016: £2,053,000) is less than three months overdue and £nil (2016: £nil) is more than 12 months old.

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

20. Current asset investments

	2017 £000	2016 £000
Group		
Treasury bills	-	49,885
	<u>-</u>	<u>49,885</u>

The prior year treasury notes were 6 month bills, which matured in September 2016 with a coupon rate of 0%.

21. Cash at bank and in hand

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cash at bank	30,703	29,968	2,048	2,388
Money market deposits	100	100	100	100
Tenant deposits	1,178	1,756	35	35
	<u>31,981</u>	<u>31,824</u>	<u>2,183</u>	<u>2,523</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 2017**

22. Creditors: Amounts falling due within one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Bank overdrafts	124	23	-	-
Bank loans (note 26)	7,504	5,253	-	-
Trade creditors	44,853	33,761	11	-
Amounts owed to group undertakings	421,710	212,104	972,705	895,982
Corporation tax	22,508	15,424	-	-
Other taxation and social security	1,319	1,398	84	-
VAT payable	11,254	7,323	-	-
Other creditors	806	4,330	-	3,646
Accruals and deferred income	115,385	128,319	-	6
	<u>625,463</u>	<u>407,935</u>	<u>972,800</u>	<u>899,634</u>

Included in amounts owed to group undertakings is £2,902,000 (2016: £3,742,000), being the current element of a fixed interest loan from Telereal 112 Limited (see note 26). Also included are amounts totalling £236,887,000 (2016: £181,189,000) which are unsecured, interest free and repayable on demand.

Other amounts due to group undertakings are unsecured and payable on demand. Interest was paid on these balances at LIBOR plus 3% per annum (2016: LIBOR plus 3% per annum).

There are no material differences between the carrying value and fair value of trade and other creditors as at 31 March 2017.

23. Creditors: Amounts falling due after more than one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Bank loans (note 26)	127,758	136,084	-	-
Amounts owed to group undertakings (note 26)	146,567	144,655	52,212	57,141
Fair value of interest rate swaps	10,296	11,634	-	-
Accruals and deferred income	9,265	16,816	-	-
	<u>293,886</u>	<u>309,189</u>	<u>52,212</u>	<u>57,141</u>

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

24. Deferred tax

	2017 £000	2016 as restated £000
At beginning of year	13,899	2,199
Prior year adjustment	-	4,519
(Released)/charged to profit or loss	182	6,262
Other	-	593
Deferred tax on actuarial gains/losses	(84)	326
	<u>13,997</u>	<u>13,899</u>

The provision for deferred taxation is made up as follows:

	2017 £000	2016 as restated £000
Accelerated capital allowances	13,961	16,577
Other timing differences	4,054	(6,393)
Capital gains	724	8,580
Fair value of swaps	(1,688)	(2,031)
Pension deficit	(3,054)	(2,834)
	<u>13,997</u>	<u>13,899</u>

25. Provisions

Group

	Dilapidations £000	Life Cycle Capital Expenditure £000	Onerous Leases £000	Other £000	Total £000
At 1 April 2016	26,226	16,591	79,743	3,430	125,990
Charged/(released) to profit or loss	(18,282)	8,743	(6,292)	618	(15,213)
Unwinding of discount	649	-	1,777	-	2,426
Utilised in year	(392)	(15,179)	(26,509)	(647)	(42,727)
At 31 March 2017	<u>8,201</u>	<u>10,155</u>	<u>48,719</u>	<u>3,401</u>	<u>70,476</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

25. Provisions (continued)

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 leases include those in the name of the Secretary of State where the group is required to meet the liability under the terms of the PRIME contract. 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 2.50% pa (2016: 2.75% pa). This provision is expected to be utilised largely after the end of the PRIME contract, being a period of 1 year (2016: 2 years), dependent on landlord engagement, which will vary by lease. As a result of legal opinion received during the year, the company has not made any provision for leases in the name of the Secretary of State which expire after 31 March 2018, the end of the PRIME contract. The balance at 31 March 2017 comprises: leases held in the name of the group, £6,595,000, and those held in the name of the Secretary of State where Trillium (PRIME) Property GP Limited is liable, £1,606,000.

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.

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. Expected cash flows have been discounted at a risk-adjusted rate of 2.50% pa (2016: 2.75% pa) and the provision is expected to be used over the life of the relevant property leases, with a weighted average lease length of 1 year.

Onerous leases - PRIME contract

In addition to leases held in the name of group companies, it includes onerous leases held in the name of the Secretary of State where the group is required to meet the liabilities under the terms of the PRIME contract in the period to 31 March 2018. As a result of legal opinion received during the year, the group has not made any provision for leases in the name of the Secretary of State which expire after 31 March 2018, the end of the PRIME contract. The split of the provision balance between leases held by the group and those held in the name of the Secretary of State, and also between amounts expected to be settled before 31 March 2018 and afterwards, is as follows:

	Expected settlement date		Total £'000
	Before 31 Mar-18 £'000	After 31 Mar-18 £'000	
Group companies	15,451	17,742	33,193
Secretary of State	6,169	-	6,169
	<u>21,620</u>	<u>17,742</u>	<u>39,362</u>

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

26. Loans and borrowings

	Secured/ unsecured	Fixed/ floating	Effective interest rate %	2017 £000	2016 £000
Group					
Overdrafts	Unsecured	Floating	-	124	23
Bank loans					
£71,400,000 facility - due 01/2020 - LIBOR + 1.75% + MLA 0.0078%	Secured	Fixed	5.2680%	62,583	66,073
£50,700,000 facility - due 11/2020 - LIBOR + 1.85%	Secured	Fixed	3.4500%	48,499	50,425
£28,000,000 facility - due 03/2019 - LIBOR + 1.80%	Secured	Fixed	2.5660%	25,900	27,200
				<hr/>	<hr/>
				137,106	143,721
Fixed term amounts due to group undertakings					
£15,500,000 - due 04/2021 - 9.00%	Unsecured	Fixed	9.0000%	15,500	15,500
£9,549,000 - due 12/2019 - 2.501% [see footnote (a)]	Unsecured	Fixed	2.5010%	9,549	2,430
£2,730,000 - due 12/2019 - 3.204%	Unsecured	Fixed	3.2040%	2,730	2,730
£80,000,000 facility - due 12/2031 - 4.51%	Secured	Fixed	4.5100%	66,944	70,686
£99,712,000 facility - due 09/2021 - LIBOR + 2.75%	Unsecured	Floating	3.5616%	52,212	57,212
				<hr/>	<hr/>
				146,935	148,558
Total loans and borrowings					
Less: unamortised issue costs				(1,843)	(2,433)
				<hr/>	<hr/>
Total loans and borrowings				282,198	289,846
				<hr/>	<hr/>
Company					

The company has a fixed term amount due to group undertakings at year end of £52,212,000 (2016: £57,212,000). The original loan amount was for £99,712,000 and it is unsecured. The loan bore interest at LIBOR plus 3.00% until 30 September 2016, when the interest rate changed to LIBOR plus 2.75%. During the year the maturity date was extended from September 2016 to September 2021. There were no (2016: £71,000) unamortised issue costs incurred in respect of this loan during the year.

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

Loans and borrowings (continued)

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Maturity of financial liabilities				
Within one year	11,134	9,655	-	-
Between one and five years	222,815	210,737	52,212	57,212
More than five years	50,092	71,887	-	-
	<u>284,041</u>	<u>292,279</u>	<u>52,212</u>	<u>57,212</u>

(a) In August 2015 the group received a £2,340,000 loan from London Wall Outsourcing Investments Limited, a fellow group undertaking. A further loan of £7,209,000 was advanced under the same facility in December 2016. The loan is unsecured and is payable in full on 18 December 2019. The loan attracts an interest charge at an effective rate of 2.501% 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 £16,440,000 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 £67,712,000 (2016: £72,712,000).

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

27. Financial instruments

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Financial assets				
Financial assets measured at fair value through profit or loss	-	-	-	-
Financial assets that are debt instruments measured at amortised costs				
Trade debtors	71,763	72,164	-	-
Amounts owed by group undertakings	1,101,181	738,014	780,390	703,139
Other debtors	5,948	9,644	-	-
Cash and cash equivalents	31,981	31,824	2,183	2,523
Current asset investments	-	49,885	-	-
Finance leases receivable	59,083	62,956	-	-
Accrued income	9,910	5,416	2	50
	<u>1,279,866</u>	<u>969,903</u>	<u>782,575</u>	<u>705,712</u>
Financial liabilities				
Financial liabilities measured at fair value through profit or loss:				
Interest rate swaps	10,296	11,634	-	-
Financial liabilities measured at amortised cost:				
Bank overdraft	124	23	-	-
Bank loans	135,262	141,337	-	-
Trade creditors	44,853	33,761	11	-
Amounts owed to group undertakings	568,277	356,759	1,024,917	953,123
Other creditors	806	4,330	-	3,646
Accruals	81,764	67,850	-	6
	<u>841,382</u>	<u>615,694</u>	<u>1,024,928</u>	<u>956,775</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 £10,296,000 (2016: £11,634,000). The aggregate notional principal of the outstanding swap contracts at 31 March 2017 was £137,808,000 (2016: £142,598,000).

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

28. Pension commitments

Defined contribution scheme

The group's defined contribution scheme is the only scheme open to new employees. The contributions payable for the year, which amounted to £1,550,000 (2016: £1,537,000), were charged to the Statement of Comprehensive Income. No amounts were outstanding as at 31 March 2017 (2016: £nil). The group also operates a defined benefit pension scheme.

Defined benefit scheme

The group 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 group, and for certain employees who mainly transferred from the Department for Work and Pensions. A full actuarial valuation was carried out as at 1 January 2016 and updated to 31 March 2017 by Aon, a qualified independent actuary.

The group 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 present value of plan liabilities:

	2017 £000	2016 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	120,517	121,895
Current service cost	-	1,351
Interest cost	4,150	4,128
Actuarial losses/(gains)	19,936	(4,483)
Contributions	-	471
Benefits paid	(3,937)	(2,845)
At the end of the year	140,666	120,517

	2017 £000	2016 £000
Reconciliation of present value of plan assets		
At the beginning of the year	105,601	107,489
Interest income	3,627	3,626
Actuarial gains/(losses)	17,985	(3,471)
Contributions	-	1,274
Benefits paid	(3,937)	(2,845)
Administration expenses	(575)	(472)
At the end of the year	122,701	105,601

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

28. Pension commitments (continued)

Composition of plan assets:

	2017 £000	2016 £000
UK equities	39,173	35,725
Global equities	40,970	32,121
Emerging market debt	11,748	6,248
Asset backed securities	7,275	7,480
Property	22,870	22,639
Cash and accruals	665	1,388
Total plan assets	122,701	105,601

	2016 £000	2016 £000
The amounts recognised in the balance sheet are as follows:		
Fair value of plan assets	122,701	105,601
Present value of plan liabilities	(140,666)	(120,517)
Net pension scheme liability	(17,965)	(14,916)

The amounts recognised in profit or loss are as follows:

	2017 £000	2016 £000
Current service cost	-	1,351
Administration expenses	575	472
Interest on net defined benefit liability	523	502
Total	1,098	2,325

The cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income was £14,283,000 (2016 - £12,332,000).

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

28. Pension commitments (continued)

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

	2017	2016
Total return on plan assets		
Discount rate at 31 March	2.65%	3.5%
Future salary increases	2.10%	1.85%
Future pension increases	2.10%	1.85%
Inflation (RPI)	3.20%	2.95%
Mortality rates		
- for a male aged 65 now	22.5	22.8
- at 65 for a male aged 45 now	24.3	24.6
- for a female aged 65 now	23.9	24.9
- at 65 for a female member aged 45 now	25.8	26.8

Defined benefit pension schemes

	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000
Defined benefit obligation	(140,666)	(120,517)	(121,895)	(104,029)	(98,898)
Scheme assets	122,701	105,601	107,489	94,986	86,937
Deficit	(17,965)	(14,916)	(14,406)	(9,043)	(11,961)
Experience adjustments on scheme liabilities	(19,936)	4,483	(13,335)	(551)	(5,857)
Experience adjustments on scheme assets	17,985	(3,471)	9,162	2,583	8,140

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

29. 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 Tele-Finance Holdings Limited.

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

	2017 £000	2016 £000
Interest payable to related parties	88	50
Amounts owed to / (owed by) related parties at year end	(42)	67

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

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 ended 31 March 2016, 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.

30. Share capital

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
25,300,000 (2016: 25,300,000) Ordinary shares of £1 each	25,300	25,300

31. Commitments under operating leases

At 31 March 2017 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2017 £000	Land and buildings 2016 £000	Other 2017 £000	Other 2016 £000
Within 1 year	210,603	224,712	51	111
Later than 1 year and not later than 5 years	242,249	413,127	49	133
Later than 5 years	233,724	283,195	-	-
	<u>686,576</u>	<u>921,034</u>	<u>100</u>	<u>244</u>

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

32. Controlling party

Trillium Holdings Limited is a wholly owned subsidiary of London Wall Outsourcing Limited, which is the smallest company to consolidate the results of the company.

The ultimate parent undertaking and controlling party is Field Nominees Limited (incorporated in Bermuda), as nominee for the B Pears 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 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 2017

33. 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 2017 which are held indirectly are as follows:

Trillium (PRIME) Holdings Limited - (Holding company)
Trillium (PRIME) Project Holdings Limited - (Holding company)
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 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) Leaseholds Limited - (Property management and services)
Trillium (Horizon) Other Properties Limited - (Dormant company)
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 Development (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 - (Property management and services)
Flagstaff 5 Limited - (Property management and services)
Trillium UK Limited - (Property management and services)
Trillium Property Investments Limited - (Property management and services)
Trillium Property Trading Limited - (Property management and services)
Trillium Property Trading (Falkirk) Limited - (Property management and services)
Telereal Property Partners Limited - (Holding company)
Telereal Trading Property Limited - (Property management and services)
Telereal (Caledonian) Limited - (Property management and services)
Manston Properties Limited - (Property management and services)

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Subsidiaries (continued)

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

The company has a 68.75% indirect holding in Telereal (Brentwood) Limited, a property management and services company incorporated during the year. The company operates in Great Britain and is registered in England and Wales.

All entities, other than Telereal Walton Limited, are registered at 140 London Wall, London, EC2Y 5DN. The registered office of Telereal Walton Limited is Ogier House, The Esplanade, St Helier, JE4 9WG, Jersey.