

Registered number: 03487308

TRILLIUM HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



TRILLIUM HOLDINGS LIMITED

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TRILLIUM HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

Introduction

The directors present their Strategic Report for Trillium Holdings Limited (the "company") and its subsidiaries (together, the "group") for the year ended 31 March 2022. The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

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:

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").

The group owns a number of properties that are leased to the Department for Work and Pensions (DWP) and also manages and bears the cost of certain leasehold properties which are leased to the Secretary of State, following the expiry of the group's contract with the DWP in March 2018.

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 group 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.

In March 2022 the group repaid its £15,500,000 and £52,212,000 of loan notes which were listed on the International Stock Exchange (and held by fellow group undertakings) and so the group no longer has any listed debt. The group borrowed the same amounts on similar terms from a different fellow group undertaking in order to repay the loan notes and so no cash was required for this refinancing.

The group reported turnover in the year of £107,117,000 (2021: £114,999,000).

Operating profit after property disposals and revaluations was £50,938,000 (2021: £22,172,000). The group's properties were revalued at 31 March 2022, resulting in a net gain of £32,936,000 (2021: net loss of £2,832,000). The group recognised a profit on disposal of properties of £964,000 (2021: loss of £559,000).

The group reported net finance income for the year of £36,189,000 (2021: £34,365,000).

The group reported total comprehensive income for the year of £77,674,000 (2021: £48,393,000).

At 31 March 2022, the group's total equity was £985,520,000 (2021: £907,846,000), an increase of £77,674,000 since the prior year.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Principal activities and business review (continued)

Going concern

At 31 March 2022, the company has net assets of £371,078,000 and net current liabilities of £205,069,000. Because the company has ownership of a group with consolidated net current assets of £955,499,000, it is able to call on the resources of its subsidiary companies should it require those resources to meet its liabilities.

In respect of the group's loan facilities, management reviews any loan covenants on a quarterly basis and also forecasts future covenant assessments. Recent forecasts suggest that the loan covenants will not be breached for at least the next 12 months.

Management has prepared forecast cash flows for the group for at least 12 months from the date of signing the financial statements, and having considered the recoverability and liquidity of its net current assets, the directors confirm that they are satisfied that the group has adequate resources to meet its liabilities for at least 12 months from the date of signing the financial statements. As a result, they continue to adopt the going concern basis in preparing the financial statements.

Future developments

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 in the future.

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 60% 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.

Financial risk management objectives and policies

Credit risk

The group's principal financial assets are bank balances, trade and other debtors and amounts due from group 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.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Financial risk management objectives and policies (continued)

Credit risk (continued)

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 either the counterparties to the loan, or subsidiaries of the counterparties. In addition, certain counterparties have received confirmation from Drummond Holdings International Limited that it intends to support those companies for at least one year after these financial statements are signed.

Inflation risk

The group's property partnership 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.

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 continues to maintain the highest practicable standards of health and safety with an Occupational Health and Safety Management System structured and managed in accordance with the principles of the Occupational Health and Safety Assessment Series (OHSAS) 18001.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

S172 Compliance Statement

With respect to the company and its subsidiaries (the “group”) we set out below our s172 Statement in accordance with The Companies (Miscellaneous Reporting) Regulations 2018 (the Regulations). The Regulations have been in force with effect from 1 January 2019 and apply to reporting periods starting on or after that date. The Regulations require directors to report how they have considered their duties under Section 172 of the Companies Act 2006 (the CA 2006) during the reporting period. As with many companies, decision making within the group is complex and the directors consider many factors, sometimes conflicting, when reaching decisions. Quality decision-making is supported by board meetings. The directors’ principal decisions are always driven by the need to promote the success of the group for the benefit of its members as a whole and whilst taking principal decisions they consider all of their duties under the CA 2006, including having regard to all of the matters under Section 172 (1) a) to f). The impact of principal decisions on stakeholders is considered in detail and such discussions are noted in board minutes.

The group, at appropriate decision points, seeks guidance from independent advisors to strengthen, challenge and validate decision making.

Summary of how the Board engages with our stakeholders

The group considers that the stakeholder groups that are impacted by the group, its decisions and its business activities are the key stakeholders and include the group’s employees, its customers, supply chain partners, the local environment and communities where our sites are situated and our shareholders.

The management team and other employees take part in direct and indirect engagement with various stakeholder groups. The group recognises the importance of its stakeholders. Without its dedicated and committed team of employees, the group would be unable to provide high quality levels of service and without its customers the group would be unable to benefit from revenue generation.

Each of the stakeholder categories listed below (customers, employees, etc) are discussed and reviewed by the Telereal Trillium Executive Committee. Reports prepared by senior employees on each of the stakeholder categories are submitted to the Executive Committee for their consideration on a periodic basis throughout the year. By reviewing these matters at the highest level in the organisation, the directors can demonstrate that they have had regard to the need to foster the group’s business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the group. Examples of principal decisions made during the year are:

- The decision to refinance the group’s bank loan which is secured against the portfolio of properties owned by the group which are leased predominantly to the Royal Mail Group. In doing so the directors considered investors’ needs for funding of the group and the decision included selecting the most appropriate lending agreement to meet investors’ requirements. Furthermore, the decision was deemed to be beneficial to all of the group’s stakeholders as it will allow the business to continue operating as a going concern.
- The decision to amend various loan facilities and related swaps in the group to reference SONIA rather than LIBOR, which was discontinued at the end of 2021. This decision was deemed to be in the interest of investors as it will allow the continuation of the group’s funding using a generally accepted market reference rate.
- The decision to transfer a number of properties between group companies. The transfer of the properties allowed the group to draw down additional debt on an existing debt facility, secured against the properties, and as such the decision was deemed to be of benefit to investors.

In addition, the directors have had regard, to the following:

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**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

S172 Compliance Statement (continued)

Stakeholder	How the Board has considered their s172 obligations
Customers	<p>A standing agenda item at each monthly meeting of the group's Executive Committee is for the review of papers presented, which include an Asset report and individual updates for the group's key clients. The papers presented are used to inform the Executive Committee and assist them in their decision making. For some of our key customers, the DVLA and Aviva, the group has teams located at customer sites. Sitting alongside the customer enabled the group to understand customer needs on a day-to-day basis with regards to occupancy and management of their estates. There is a structured governance framework in place with regards to each main contract which regulates the customer/supplier relationship. Any board discussions or decisions are underpinned by the governance framework.</p>
Employees	<p>Each year the group coordinates an anonymous group-wide employee engagement survey, the results of which and actions to be taken are reviewed and considered by the Executive Committee. Some of the decisions made as a result of the survey relate to, for example, training and development, health and wellbeing and change management.</p> <p>Training & development is made available and accessible to all staff group-wide, including the provision of study packages for professional qualifications and general training to meet specific requirements or continuing professional development.</p>

TRILLIUM HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

S172 Compliance Statement (continued)

Stakeholder	How the Board has considered their s172 obligations
Communities and environment	<p>The group's corporate social responsibility programme is approved by the Board each year, which includes reviewing the partnerships and charities that the group will engage with in the forthcoming year, all of which must be aligned with the group's philosophy and principles. The Board approves specific budgets for a variety of donations that will be made throughout the year, for example, to our charity partner St Mungo's to which a donation was made during the year to support their mission to end homelessness in the UK.</p> <p>The group operates a charitable donation matching scheme and will match donations made or funds raised by staff up to a maximum £2,500 per person over a 12-month period.</p> <p>Payroll giving allows employees to contribute to any number of charities in a tax- efficient manner.</p> <p>Employee volunteering is encouraged through the provision of additional annual leave.</p> <p>Property developments focus on establishing close ties with all community stakeholders, including contributions to local projects.</p> <p>It is a target of the business to reduce energy and waste through eco-friendly activities, for example Board packs are mainly disseminated in electronic form, with a diminishing number of hard copy Executive Committee and Investment Committee packs circulated.</p> <p>Recycling is strongly encouraged with recycling bins situated across each office floor.</p>
Investors	<p>The group's Governance Deed is a governance framework adopted by the group, under which there is a requirement for the provision of management information and statutory reporting to be provided to shareholders and minority investors.</p> <p>Investors are engaged with so that group understands their long term vision for the business and on an annual basis a long term strategic forecast is presented to investors.</p>

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**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

S172 Compliance Statement (continued)

Stakeholder	How the Board has considered their s172 obligations
Suppliers	<p>All new suppliers who wish to contract with the group must be verified by either the group finance director or his delegate in addition to a compulsory supplier evaluation process undertaken by the group's finance team. The verification and evaluation processes are to ensure that suppliers have suitable policies and procedures in respect of:</p> <ul style="list-style-type: none">- Anti bribery;- Modern Slavery; <p>For medium and high risk suppliers the following policies and procedures are also reviewed:</p> <ul style="list-style-type: none">- Insurance;- Health and safety;- Environmental considerations; and- Corporate responsibility <p>We also annually review our existing top 100 suppliers (categorised by annual spend) to ensure that they are maintaining suitable policies and procedures in respect of the items listed above.</p> <p>The group publishes its slavery and human trafficking statement for each financial year on its website pursuant to section 54(1) of the Modern Slavery Act 2015, which is approved by the Board before it is published.</p> <p>The group operates a strict anti-bribery and anti-corruption policy through which all employees are required to comply, and this includes the registration of gifts and hospitality (above certain value thresholds) on a register to demonstrate transparency in the corporate relationship. The register is reviewed by each responsible Board member on a quarterly basis.</p>

This report was approved by the board on 21 December 2022 and signed by order of the board.



Aaron Burns
Company Secretary

TRILLIUM HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2022.

Dividends

In the year ended March 2022 the company did not pay any dividends.

In the year ended March 2021, the company received a dividend of £248,659,000 from its subsidiary, Trillium (PRIME) Holdings Limited. Subsequent to receiving the dividend, the company made a distribution of £165,000,000 to its parent company; London Wall Outsourcing Limited.

Directors

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

Adam Dakin
Graham Edwards
Russell Gurnhill
Michael Hackenbroch
Graeme Hunter

Charitable donations

The group made various charitable contributions totalling £81,000 (2021: £74,000) 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 32 days (2021: 27 days).

Matters covered in the strategic report

Details of principal activities, business review, future developments and financial risk management can be found in the Strategic Report above. They form part of this report by cross-reference.

Stakeholder engagement

A statement setting how the directors engage with and have regard for; employees, suppliers, customers and other stakeholders and how that effects the principal decisions made by the group, as required by section 172 of the Companies Act 2006, is set out in the Strategic Report above.

Streamlined Energy and Carbon Reporting (SECR) disclosure

The group has taken an exemption from disclosing on SECR in its financial statements on the basis that this information can be found in the consolidated financial statements of Telereal Limited, a fellow group undertaking.

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DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- 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
- they have taken all the steps that they ought to have taken as a director in order to make themselves 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 December 2022 and signed by order of the board.



Aaron Burns
Company Secretary

Independent auditors' report to the members of Trillium Holdings Limited

Report on the audit of the financial statements

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 2022 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2022; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

- Valuation of Investment Property (group)
- Valuation of investments in subsidiary companies (parent)

Materiality

- Overall group materiality: 60,451,000 (2021: 37,540,000) based on 3% of total assets.
- Overall company materiality: 16,522,000 (2021: 14,867,000) based on 1% of total assets.
- Performance materiality: 45,339,000 (2021: 28,155,000) (group) and 12,391,000 (2021: 11,916,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of Investment Property (group)</i></p> <p>Refer to page 30 (Note 1 - Accounting policies), page 34 (Note 2 - Judgements in applying accounting policies and key sources of estimation uncertainty), page 42 (Note 14 - Investment property) and page 52 (Note 24 - Pension liability). The group owns a portfolio of investment properties and its pension scheme owns investment properties within the United Kingdom. The total value of these investment properties at 31 March 2022 was £361.2m (31 March 2021: £262.5m) and the value of the pension scheme properties at 31 March 2022 was £45.4m (31 March 2021: £27.3m). This has been identified as a key audit matter as the valuation of this property is an inherently complex and judgemental area. The valuations of the pension scheme assets and majority of the investment property portfolio have been valued internally by a chartered surveyor who is a member of the Royal Institution of Chartered Surveyors ("RICS"). The remaining valuations of investment properties have been valued by external valuers CB Richard Ellis ("CBRE"). In both cases the valuations are prepared in accordance with the valuation principles of the Appraisal and Valuation manual of the RICS and the group's accounting policies. In certain cases where properties have been internally valued, management have utilised external valuation experts, CBRE, who have reviewed the methodology and key assumptions used within the internal valuation of certain properties. The portfolio contains a number of properties which have been valued via differing techniques based on the individual nature of each asset. For those properties</p>	<p>Given the inherent subjectivity involved in the valuation of investment properties, the need for deep market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts (chartered surveyors) to assist us in our audit of this matter. We assessed both management's internal valuers' and external valuers' qualifications and expertise, and satisfied ourselves that they were appropriately qualified to perform the valuation. We checked the accuracy of the underlying data used within the valuations by corroborating it to relevant audit evidence such as signed leases on a sample basis. No exceptions were identified from this work. We obtained the external and internal valuations and confirmed that the valuation approach utilised was in accordance with RICS standards and suitable for use in determining the final value for the purpose of the financial statements. We met with management and their external valuers to discuss and challenge the valuation process, the key assumptions and their rationale behind significant valuation movements during the year. It was evident from our work that close attention had been paid to each property's individual characteristics at a granular level, as well as considering the property specific factors such as the overall quality, geographic location and desirability of the asset as a whole. We considered the reasonableness of key assumptions, including comparing the yield to comparable market benchmarks. In doing so we had regard to portfolio specific factors and our knowledge of</p>

<p>which are currently generating rental income the income capitalisation method has been utilised to calculate their investment value. The valuation incorporates property specific information such as the current tenancy agreements and rental income. Judgemental assumptions are then applied such as yield which are influenced by prevailing market yields to arrive at the final valuation. For those properties which are vacant at the valuation date the valuation is based on the vacant possession value of the specific property, taking into consideration any development potential and planning consents obtained.</p>	<p>the market. We obtained corroborating evidence to support explanations received from the valuers where appropriate such as obtaining lease agreements and vacation notices to support tenancy details. These properties and their income have been cross-referenced against our revenue testing performed. For those properties which are vacant at the valuation date the valuation is based on the vacant possession value of the specific property, taking into consideration any development potential and planning consents obtained. We concluded that the assumptions used in the valuations by the valuers were supportable in light of the evidence obtained and the disclosures within the financial statements are sufficient and appropriate.</p>
<p><i>Valuation of investments in subsidiary companies (parent)</i></p> <p>Refer to page 30 (Note 1 - Accounting policies), page 34 (Note 2 - Judgements in applying accounting policies and key sources of estimation uncertainty) and page 43 (Note 15 - Investments). The company holds indirect and direct equity investments in a number of subsidiary companies with a total value of £576.1m as at 31 March 2022 (31 March 2021: £575.7m). The company's accounting policy is to hold these investments at cost less accumulated impairment. This was identified as a key audit matter for our audit of the company as there is a degree of judgement underpinning the recoverable amount of the investments in subsidiary companies, furthermore during the year management changed the basis of the methodology used to determine the recoverable amount of the investments from a discounted cash flow model to valuing the recoverability on the basis of the net asset value of the subsidiary companies. The primary determinants and key estimates within the value of each subsidiary company are the property valuations and intercompany receivables held by each investee. As a result of the review, an impairment reversal has been recognised of £0.5m.</p>	<p>We obtained the directors' assessment for the value of investments held in subsidiary companies as at 31 March 2022. We assessed the accounting policy for investments to ensure it was compliant with FRS 102. We verified that the methodology used by the directors in assessing the value of each subsidiary was compliant with FRS 102. We identified the key judgement within the value of investments held in subsidiary companies to be the valuation of investment property and intercompany receivables held by each investee. For details of our procedures over investment property valuations please refer to the property valuation key audit matter earlier within this report since this was identified as a key audit matter for the group. Our procedures over the valuation of intercompany receivables included cross-referencing the balances to the associated payable within the relevant group company. We then assessed the recoverability of the receivable with reference to the net asset position of the counterparty and other factors where relevant. We have no matters to report in respect of this work.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is located in the UK with all operations located in the UK, therefore all audit procedures were performed by the UK based audit team. The engagement is an audit of a group of companies, we tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements ensuring we have scoped in material financial statement line items area and planned work to address the risk of material misstatement. In our scoping exercise as such we have taken into account the structure of the group, the accounting processes and controls, areas of management's estimation/judgement and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
<i>Overall materiality</i>	60,451,000 (2021: 37,540,000).	16,522,000 (2021: 14,867,000).
<i>How we determined it</i>	3% of total assets	1% of total assets
<i>Rationale for benchmark applied</i>	The main driver of a real estate business is its investment property values. Accordingly, total assets was deemed to be the appropriate benchmark.	Parent company is a holding company and therefore total assets is the key driver of the entity.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £64,000 and £22,805,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to 45,339,000 (2021: 28,155,000) for the group financial statements and 12,391,000 (2021: 11,916,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £3,023,000 (group audit) (2021: £1,876,000) and £826,000 (company audit) (2021: £794,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that

there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Landlord and Tenant Act 1985 and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud;

- Reviewing minutes of meetings of those charged with governance;
- Performing procedures over any unusual journal entries;
- Designing audit procedures to incorporate unpredictability into our testing;
- Challenging assumptions made by management in determining their judgements and accounting estimates;
- Review of financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Engaging valuations experts to review the investment property and stock property valuations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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
- certain disclosures of directors' remuneration specified by law are not made; 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.

Ian Morrison

Ian Morrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 December 2022

TRILLIUM HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £000	2021 £000
Turnover	3	107,117	114,999
Operating costs		(90,079)	(89,436)
Net movement in valuation of properties (including profit or loss on disposal of properties)	8	33,900	(3,391)
Operating profit	4	<u>50,938</u>	<u>22,172</u>
Interest receivable and similar income	9	50,608	49,527
Interest payable and similar expenses	10	(14,419)	(15,162)
Profit before taxation		<u>87,127</u>	<u>56,537</u>
Tax on profit	11	(12,417)	(11,131)
Profit for the financial year		<u>74,710</u>	<u>45,406</u>
Actuarial gains on defined benefit pension scheme	24	3,952	3,688
Movement of deferred tax relating to pension deficit	20	(988)	(701)
Other comprehensive income for the year		<u>2,964</u>	<u>2,987</u>
Total comprehensive income for the year		<u>77,674</u>	<u>48,393</u>
Profit/(loss) for the year attributable to:			
Non-controlling interests		-	(66)
Owners of the parent company		74,710	45,472
		<u>74,710</u>	<u>45,406</u>
Total comprehensive income/(expense) for the year attributable to:			
Non-controlling interests		-	(66)
Owners of the parent company		77,674	48,459
		<u>77,674</u>	<u>48,393</u>

The notes on pages 25 to 59 form part of these financial statements.

TRILLIUM HOLDINGS LIMITED
REGISTERED NUMBER: 03487308

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £000	2021 £000
Non-current assets			
Intangible assets	12	38,260	42,287
Tangible assets	13	1,461	1,572
Investment property	14	361,152	262,534
		<u>400,873</u>	<u>306,393</u>
Current assets			
Properties held for sale		6,369	6,504
Debtors: amounts falling due after more than one year	16	79,616	77,686
Debtors: amounts falling due within one year	16	1,479,218	1,430,368
Cash at bank and in hand	17	47,486	56,032
		<u>1,612,689</u>	<u>1,570,590</u>
Current liabilities			
Creditors: amounts falling due within one year	18	(657,190)	(714,656)
		<u>955,499</u>	<u>855,934</u>
Net current assets			
		<u>1,356,372</u>	<u>1,162,327</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	19	(352,259)	(229,961)
Provisions for liabilities			
Provisions	21	(15,094)	(17,546)
Pension liability	24	(3,499)	(6,974)
		<u>985,520</u>	<u>907,846</u>
Net assets			
		<u><u>985,520</u></u>	<u><u>907,846</u></u>

TRILLIUM HOLDINGS LIMITED
REGISTERED NUMBER: 03487308

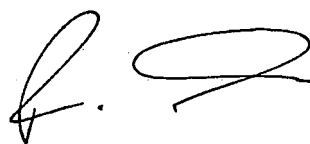
CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2022

	Note	2022 £000	2021 £000
Capital and reserves			
Called up share capital	26	25,300	25,300
Share premium account		299,700	299,700
Other reserves		10,724	10,724
Retained earnings		649,796	572,122
Total equity		985,520	907,846

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2022



Michael Hackenbroch
Director



Russell Gurnhill
Director

The notes on pages 25 to 59 form part of these financial statements.

TRILLIUM HOLDINGS LIMITED
REGISTERED NUMBER: 03487308

COMPANY BALANCE SHEET
AS AT 31 MARCH 2022

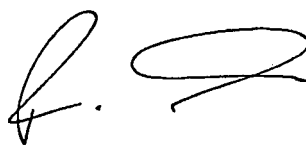
	Note	2022 £000	2021 £000
Fixed assets			
Investments	15	576,147	575,688
		<u>576,147</u>	<u>575,688</u>
Current assets			
Debtors: amounts falling due after more than one year	16	29,628	28,737
Debtors: amounts falling due within one year	16	1,048,434	984,030
Cash at bank and in hand	17	41	282
		<u>1,078,103</u>	<u>1,013,049</u>
Current liabilities			
Creditors: amounts falling due within one year	18	(1,283,172)	(1,191,031)
		<u>(205,069)</u>	<u>(177,982)</u>
Net current liabilities			
		<u>(205,069)</u>	<u>(177,982)</u>
Total assets less current liabilities		<u>371,078</u>	<u>397,706</u>
Creditors: amounts falling due after more than one year	19	-	(48,509)
		<u>371,078</u>	<u>349,197</u>
Net assets		<u>371,078</u>	<u>349,197</u>
Capital and reserves			
Called up share capital	26	25,300	25,300
Share premium account		299,700	299,700
Retained earnings		46,078	24,197
Total equity		<u>371,078</u>	<u>349,197</u>

The company recorded a profit of £21,881,000 (2021: £272,332,000) for the financial year and paid a distribution of £nil (2021: £165,000,000) to its parent undertaking.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2022.



Michael Hackenbroch
Director



Russell Gurnhill
Director

The notes on pages 25 to 59 form part of these financial statements.

TRILLIUM HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total equity attributable to owners of parent company £000	Total equity £000
At 1 April 2021	25,300	299,700	10,724	572,122	907,846	907,846
Comprehensive income for the year						
Profit for the financial year	-	-	-	74,710	74,710	74,710
Actuarial gains on pension scheme after deferred tax	-	-	-	2,964	2,964	2,964
Other comprehensive income for the year	-	-	-	2,964	2,964	2,964
Total comprehensive income for the year	-	-	-	77,674	77,674	77,674
At 31 March 2022	25,300	299,700	10,724	649,796	985,520	985,520

The notes on pages 25 to 59 form part of these financial statements.

TRILLIUM HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total equity attributable to owners of parent company £000	Non- controlling interests £000	Total equity £000
At 1 April 2020	25,300	299,700	10,724	688,663	1,024,387	1,026	1,025,413
Comprehensive income/(expense) for the year							
Profit/(loss) for the financial year	-	-	-	45,472	45,472	(66)	45,406
Actuarial gains on pension scheme after deferred tax	-	-	-	2,987	2,987	-	2,987
Dividends paid to minority interest	-	-	-	-	-	(960)	(960)
Other comprehensive income/(expense) for the year	-	-	-	2,987	2,987	(960)	2,027
Total comprehensive income/(expense) for the year	-	-	-	48,459	48,459	(1,026)	47,433
Distributions paid	-	-	-	(165,000)	(165,000)	-	(165,000)
At 31 March 2021	25,300	299,700	10,724	572,122	907,846	-	907,846

The notes on pages 25 to 59 form part of these financial statements.

TRILLIUM HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £000	Share premium account £000	Retained earnings £000	Total equity £000
At 1 April 2020	25,300	299,700	(83,135)	241,865
Comprehensive income for the year				
Profit for the financial year and total comprehensive income	-	-	272,332	272,332
Contributions by and distributions to another group undertaking				
Distributions	-	-	(165,000)	(165,000)
Total transactions with owners	-	-	(165,000)	(165,000)
At 31 March 2021 and 1 April 2021	25,300	299,700	24,197	349,197
Comprehensive income for the year				
Profit for the financial year and total comprehensive income	-	-	21,881	21,881
At 31 March 2022	25,300	299,700	46,078	371,078

The notes on pages 25 to 59 form part of these financial statements.

TRILLIUM HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	2022 £000	As restated 2021 £000
Cash flows from operating activities		
Profit for the financial year	74,710	45,406
Adjustments for:		
Amortisation of intangible assets	4,027	4,027
Depreciation of tangible assets	509	308
Interest payable and similar expenses	14,419	15,162
Interest receivable and similar income	(50,608)	(49,527)
Taxation charge	12,417	11,131
Decrease in properties held for sale	135	1,489
Decrease in debtors	14,197	53,960
(Increase)/decrease in amounts owed by groups	(2,640)	121,722
(Decrease)/increase in creditors	(19,500)	1,495
Decrease in provisions	(2,865)	(2,504)
Increase in pension liabilities	476	617
Corporation tax paid	(8,670)	(9,242)
(Profit)/loss on disposal of investment properties	(964)	559
Revaluation (surplus)/deficit of investment properties	(32,936)	2,832
Net cash generated from operating activities	2,707	197,435
Cash flows from investing activities		
Purchase of tangible fixed assets	(398)	(607)
Sale of investment properties	4,528	7,347
Purchase of investment properties	(11,711)	(17,768)
Interest received	6,809	6,789
Net cash utilised in investing activities	(772)	(4,239)

TRILLIUM HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

	2022 £000	As restated 2021 £000
Cash flows from financing activities		
Proceeds from new loans	11,099	16,593
Repayment of loans	(16,818)	(34,845)
Dividends paid to owners	-	(165,000)
Interest paid	(4,762)	(8,118)
Distributions paid to non-controlling interests	-	(960)
Net cash utilised in financing activities	(10,481)	(192,330)
Net (decrease)/increase in cash and cash equivalents	(8,546)	866
Cash and cash equivalents at beginning of year	56,032	55,166
Cash and cash equivalents at the end of year	47,486	56,032
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	47,486	56,032
	47,486	56,032

The notes on pages 25 to 59 form part of these financial statements.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies

General information

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

Basis of preparation of financial statements

The group and individual financial statements of Trillium Holdings Limited have been prepared 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 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 2022

1. Accounting policies (continued)

Going concern

At 31 March 2022, the company has net assets of £371,078,000 and net current liabilities of £205,069,000. Because the company has ownership of a group with consolidated net current assets of £955,499,000, it is able to call on the resources of its subsidiary companies should it require those resources to meet its liabilities.

In respect of the group's loan facilities, management reviews any loan covenants on a quarterly basis and also forecasts future covenant assessments. Recent forecasts suggest that the loan covenants will not be breached for at least the next 12 months.

Management has prepared forecast cash flows for the group for at least 12 months from the date of signing the financial statements, and having considered the recoverability and liquidity of its net current assets, the directors confirm that they are satisfied that the group has adequate resources to meet its liabilities for at least 12 months from the date of signing the financial statements. As a result, they continue to adopt the going concern basis in preparing the financial statements.

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:

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies (continued)

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 projects

Revenue from capital projects is recognised in the accounting periods in which the services are rendered, by reference to the stage of completion of the specific transaction.

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 fee income

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.

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 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.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies (continued)

Interest and finance costs

Interest income and interest payable are recognised in the Statement of Comprehensive Income using the effective interest rate method.

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

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

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

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

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies (continued)

Intangible assets

Business combinations are accounted for by applying the purchase method.

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

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

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

Goodwill is amortised over its useful expected life. Where the group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 20 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

Assets are stated at historical cost less accumulated depreciation.

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

Leasehold property	-	over the life of the lease
Plant and machinery, Furniture and equipment	-	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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. Accounting policies (continued)

Investment property

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

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

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

Investments in subsidiaries

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

The carrying amount of the company's investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the Statement of Comprehensive Income whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its net selling price and its value in use. 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 financial statements 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 it was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed the amount at which the property would have been stated, had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies (continued)

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

The group has adopted the provisions of sections 11 and 12 of FRS 102.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash at bank and in hand, prepayments and accrued income and amounts owed by 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.

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

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

If there is a decrease in the impairment loss arising from an event occurring after it was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed the amount at which the asset would have been stated 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, VAT payable, accruals and deferred income and amounts owed to 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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. Accounting policies (continued)

(ii) Financial liabilities (continued)

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, 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 re-measured subsequently 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.

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 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.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies (continued)

Dividends and distributions

Dividends and 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.

Distributions are also recognised when the group provides long term loans to other group undertakings at below market interest rates. The difference between the discounted value of the loan at the market interest rate and the nominal value of the loan results in the recognised distribution.

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.

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.

Capital reserves

Transfers and liabilities from a subsidiary undertaking to a parent undertaking not at market value are treated as a capital contribution and reflected as an Other Reserve within equity in the period of the transfer.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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.

Valuation of investments

The company reviews the carrying value of its investment in subsidiaries at each balance sheet date, with reference to the fair value, less cost to sell, of each subsidiary. The fair value of each subsidiary is based on the net assets of that subsidiary, as at the date of the latest financial statements, adjusted for items not held at fair value within the subsidiary's financial statements. The principal assets, which underpin the fair valuation of the subsidiaries, are investment properties and properties held for sale, which are valued annually by professional qualified valuers. The basis of the valuation of the subsidiaries' investment properties and properties held for sale is set out in the notes to the financial statements of the subsidiaries for the year ended 31 March 2022.

This valuation approach represents a change from the prior year, as previously the company reviewed the carrying value of its investments in subsidiaries with reference to discounted forecasted future cash flows. This change in valuation approach has arisen, as the company considers that the net asset approach produces a more appropriate valuation.

Property valuations

Properties, including those owned by the pension scheme, are valued both internally and externally 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. The stock properties are valued to assess whether any impairments are required to stock carrying values. In the year to 31 March 2022, no impairment was recognised on the carrying values on the stock properties.

Deferred Tax

The group has to recognise deferred tax on the groups revaluation gain. 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.

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 and credit status.

Derivative financial instruments

The group holds derivative financial instruments to hedge its interest rate risk exposures. All derivatives are recognised initially at fair value. Thereafter, derivatives are measured at fair value with changes recognised in profit or loss as part of finance costs. Fair value is estimated 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. Provisions are also made for historic and future life cycle expenditure that may crystallise at the end of the contract with the DVLA and future life cycle expenditure that may crystallise at the end of the contract with Aviva. Judgements are exercised with regard to the expected expenses to be incurred and discount rates applied to future cash flows.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Judgements in applying accounting policies (continued)

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 estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

3. Turnover

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

	2022 £000	2021 £000
Property services income	33,931	33,874
Capital projects	358	5
Third party rents	39,916	38,373
Other income	14,669	15,563
Management fee income	18,068	25,571
Disposals of properties held for sale	175	1,613
	<u>107,117</u>	<u>114,999</u>

All turnover arose within the United Kingdom.

4. Operating profit

Operating profit is stated after charging:

	2022 £000	2021 £000
Depreciation of tangible fixed assets	509	308
Amortisation of goodwill	4,027	4,027
Plant and machinery operating lease rentals	-	12
Other operating lease rentals	18,554	19,388
Staff costs (note 6)	38,359	35,605
Cost of properties disposed	150	1,281
	<u></u>	<u></u>

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

5. Auditors' remuneration

In the year ended 31 March 2022, the audit fee for the entire Telereal Trillium group of companies was paid and borne by the group. The total audit fee amount for the Telereal Trillium group and Trillium Holdings Limited, the company, is disclosed below.

	2022 £000	2021 £000
Fees payable to the group's auditors and their associates in respect of:		
Company	52	59
Subsidiaries	305	269
	<hr/>	<hr/>
Fees payable to the group's auditors and their associates for the audit of the group's annual financial statements	1,277	1,150
	<hr/>	<hr/>

6. Staff costs

Staff costs were as follows:

	2022 £000	2021 £000
Wages and salaries	32,856	30,445
Social security costs	4,311	3,995
Other pension costs	1,192	1,165
	<hr/>	<hr/>
	38,359	35,605
	<hr/>	<hr/>

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

	2022 No.	2021 No.
Operational	170	175
Administration	23	23
	<hr/>	<hr/>
	193	198
	<hr/>	<hr/>

All employees were employed in the United Kingdom.

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

7. Directors' remuneration

	2022 £000	2021 £000
Aggregate emoluments excluding long term incentive scheme and pensions	360	259
Aggregate amounts receivable under long term incentive schemes	3,280	2,866
Payments to defined contribution pension schemes	6	4
Payments to former directors	92	275
	<u>3,738</u>	<u>3,404</u>

One (2021: one) director is a member of a defined contribution pension scheme, and no (2021: no) directors are accruing benefits in respect of a defined benefit scheme.

The highest paid director received remuneration of £1,469,000 (2021: £1,256,000).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2021: £nil).

Directors are remunerated by group companies.

8. Net movement in valuation of properties (including profit or loss on disposal of properties)

	2022 £000	2021 £000
Revaluation surplus/(deficit) of investment properties	32,936	(2,832)
Profit/(loss) on disposal of investment properties	964	(559)
	<u>33,900</u>	<u>(3,391)</u>

9. Interest receivable and similar income

	2022 £000	2021 £000
Interest receivable from group companies	40,809	41,000
Change in fair value of interest rate swaps	2,990	1,738
Other interest receivable and similar income	6,809	6,789
	<u>50,608</u>	<u>49,527</u>

Interest receivable from group companies is rolled up in amounts owed by group undertakings, no cash is settled.

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

10. Interest payable and similar expenses

	2022 £000	2021 £000
Bank interest payable	3,301	3,789
Interest on loans from group companies	9,776	7,099
Unwind of discount of provisions (note 21)	413	475
Other interest payable and finance charges	929	3,799
	<u>14,419</u>	<u>15,162</u>

Interest on loans from group companies is rolled up in amounts owed to group undertakings, no cash is settled.

11. Tax on profit

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	9,109	11,515
Adjustments regarding prior year	947	(278)
Total current tax	<u>10,056</u>	<u>11,237</u>
Deferred tax		
Origination and reversal of timing differences	4,169	329
Adjustments regarding prior year	(306)	(435)
Effect of rate change on brought forward timing differences	(1,502)	-
Total deferred tax	<u>2,361</u>	<u>(106)</u>
Total tax charge for the year	<u>12,417</u>	<u>11,131</u>

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

11. Tax on profit (continued)

Factors affecting tax charge for the year

The tax charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	2022 £000	2021 £000
Profit before tax	87,127	56,537
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	16,554	10,743
Effects of:		
Expenses not deductible	787	844
Tax losses utilised	-	(851)
Other timing differences	-	229
Revaluation of property	(6,407)	538
(Profit)/loss on disposals	(157)	105
Adjustments regarding prior year	641	(713)
Capital gains	(202)	-
Capital losses offset against group capital gains	261	-
Effect of rate change on brought forward timing differences	(1,502)	-
Deferred tax on property revaluations	3,169	-
Effect of rate change on timing differences arising in the year	848	-
Deferred tax on disposals	(1,594)	-
Other	19	236
Total tax charge for the year	12,417	11,131

Effect of rate change on brought forward timing differences reflects the remeasurement of opening temporary differences from the current tax rate of 19% and the deferred (future) tax rate of 25%.

Effect of rate change on timing differences arising in the year reflects the current year temporary differences between the current tax rate of 19% and the deferred (future) tax rate of 25%.

Factors that may affect future tax charges

On 11 March 2021, the 2021 Budget announced an increase in the rate of UK corporation tax, effective from 1 April 2023, from 19% to 25%. This change was included in Finance Act 2021 which was substantively enacted on 24 May 2021, and granted Royal Assent on 10 June 2021.

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

12. Intangible assets

Group

	Goodwill £000
Cost	
At 1 April 2021	80,546
At 31 March 2022	<u>80,546</u>
Accumulated amortisation	
At 1 April 2021	38,259
Charge for the year	4,027
At 31 March 2022	<u>42,286</u>
Net book value	
At 31 March 2022	<u><u>38,260</u></u>
At 31 March 2021	<u><u>42,287</u></u>

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

13. Tangible assets

Group

	Short-term Leasehold Improvement £000	Plant and Machinery, Furniture and Equipment £000	Total £000
Cost			
At 1 April 2021	8,794	2,333	11,127
Additions	4	394	398
Disposals	-	(59)	(59)
At 31 March 2022	8,798	2,668	11,466
Accumulated depreciation			
At 1 April 2021	8,656	899	9,555
Charge for the year	115	394	509
Disposals	-	(59)	(59)
At 31 March 2022	8,771	1,234	10,005
Net book value			
At 31 March 2022	27	1,434	1,461
At 31 March 2021	138	1,434	1,572

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

14. Investment property

Group

	Freehold investment property £000	Short-term leasehold investment property £000	Total £000
Valuation			
At 1 April 2021	262,389	145	262,534
Additions at cost	69,246	-	69,246
Disposals	(3,564)	-	(3,564)
Surplus/(deficit) on revaluation	33,081	(145)	32,936
At 31 March 2022	361,152	-	361,152

Additions at cost includes purchases from fellow group companies totalling £57,535,000. This transaction was through additional intercompany loans and no cash was paid.

The fair value of the group's investment properties at 31 March 2022 and 31 March 2021, 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.

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

15. Investments

Company

	Investments in subsidiary companies £000
Cost	
At 1 April 2021	591,272
At 31 March 2022	<u>591,272</u>
Accumulated impairment	
At 1 April 2021	15,584
Reversal of impairment losses	(459)
At 31 March 2022	<u>15,125</u>
Net book value	
At 31 March 2022	<u><u>576,147</u></u>
At 31 March 2021	<u><u>575,688</u></u>

During the year, the company reversed the impairment of its holding in Manston Properties Limited, a subsidiary undertaking, by £459,000.

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.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

16. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Amounts falling due after more than one year				
Amounts owed by group undertakings	46,053	34,024	29,628	28,737
Other debtors	24,234	31,696	-	-
Fair value of interest rate swaps	668	-	-	-
Deferred tax asset (note 20)	2,904	6,253	-	-
Prepayments and accrued income	5,757	5,713	-	-
	<u>79,616</u>	<u>77,686</u>	<u>29,628</u>	<u>28,737</u>

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Amounts falling due within one year				
Trade debtors	1,826	3,830	-	-
Amounts owed by group undertakings	1,438,216	1,389,566	1,030,508	978,381
Other debtors	15,299	22,075	-	1
Corporation tax recoverable	6,980	-	17,793	5,070
Prepayments and accrued income	16,897	14,897	133	578
	<u>1,479,218</u>	<u>1,430,368</u>	<u>1,048,434</u>	<u>984,030</u>

Included within other debtors are capital works funded by the group on behalf of Aviva and DVLA, which are recoverable from Aviva and DVLA over the remaining years of the contracts. The gross amounts in the table below represent the total amount receivable; the net amounts are after deduction of interest to future periods.

	Gross 2022 £000	Net 2022 £000	Gross 2021 £000	Net 2021 £000
Other debtors				
Other debtors	45,010	32,061	52,952	38,742
	<u>45,010</u>	<u>32,061</u>	<u>52,952</u>	<u>38,742</u>
Maturity of other debtors				
Within one year	14,359	7,827	12,645	7,046
Between one and five years	29,701	23,359	38,783	30,332
After more than five years	950	875	1,524	1,364
	<u>45,010</u>	<u>32,061</u>	<u>52,952</u>	<u>38,742</u>

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

16. Debtors (continued)

Group

Amounts owed by group undertakings falling due after more than one year are unsecured. £29,628,000 (2021: £28,737,000) is interest free and the amount has been discounted to present value at 3.5% per annum (the market rate of interest on the date the loan was made). The remaining amounts accrue interest at the base lending rate of Barclays Bank PLC plus 3% per annum (2021: base lending rate of Barclays Bank PLC plus 3%). The group has confirmed that it will not call for repayment of these loans for at least one year and until the counterparties have sufficient resources to repay the loans.

Included in amounts owed by group undertakings falling due within one year is a loan of £80,000,000 (2021: £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 (2021: 4.56% per annum). In addition, amounts totalling £243,993,000 (2021: £235,881,000) are unsecured, interest free and repayable on demand.

All other amounts owed by group undertakings falling due within one year are unsecured and repayable on demand. Interest was received on these balances at the base lending rate of Barclays Bank PLC plus 3% per annum (2021: base lending rate of Barclays Bank PLC plus 3% per annum).

As at 31 March 2022, the group recorded overdue, but not impaired, balances of £251,000 (2021: £4,644,000). Of these balances £32,000 (2021: £2,512,000) is less than three months overdue and £219,000 (2021: £993,000) is more than 12 months old.

Company

Amounts owed by group undertakings falling due after more than one year is an unsecured, interest free loan repayable in February 2029 that has been discounted at 3.5% per annum (the market rate of interest on the date the loan was made). The company has confirmed that it will not call for repayment of these loans for at least one year and until the counterparties have sufficient resources to repay the loans.

Amounts owed by group undertakings falling due within one year are unsecured and repayable on demand. Interest was accrued on these balances at the base lending rate of Barclays Bank PLC plus 3% per annum (2021: the base lending rate of Barclays Bank PLC plus 3% per annum).

There are no material differences between the carrying value and fair value of trade and other debtors as at 31 March 2022 and 31 March 2021.

17. Cash at bank and in hand

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Cash at bank	45,840	54,306	9	2
Tenant deposits	1,646	1,726	32	280
	<u>47,486</u>	<u>56,032</u>	<u>41</u>	<u>282</u>

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

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

18. Creditors: amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Bank loans (note 22)	12,080	52,080	-	-
Trade creditors	8,136	8,559	-	-
Amounts owed to group undertakings	518,799	548,197	1,230,612	1,186,368
Loans from group undertakings (note 22)	56,354	19,366	52,212	3,866
Corporation tax payable	-	6,044	-	-
Other taxation and social security	4,392	1,286	-	-
VAT payable	698	11,814	-	-
Other creditors	1,475	1,745	22	317
Accruals and deferred income	55,256	65,565	326	480
	<u>657,190</u>	<u>714,656</u>	<u>1,283,172</u>	<u>1,191,031</u>

Group

Included in amounts owed to group undertakings are amounts totalling £496,405,000 (2021: £498,463,000) which are unsecured, interest free and repayable on demand.

Other amounts owed to group undertakings are unsecured and repayable on demand. Interest was paid on these balances at the base lending rate of Barclays Bank PLC plus 3% per annum (2021: the base lending rate of Barclays Bank PLC 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 2022 and 31 March 2021.

Company

Amounts due to group undertakings are unsecured and repayable on demand. Interest was paid on these balances at the base lending rate of Barclays Bank PLC plus 3% per annum (2021: the base lending rate of Barclays Bank PLC 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 2022 and 31 March 2021.

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

19. Creditors: amounts falling due after more than one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Bank loans (note 22)	87,746	48,898	-	-
Amounts owed to group undertakings	89,938	35,868	-	-
Loans from group undertakings (note 22)	173,355	141,184	-	48,346
Fair value of interest rate swaps	-	2,322	-	-
Accruals and deferred income	1,220	1,689	-	163
	<u>352,259</u>	<u>229,961</u>	<u>-</u>	<u>48,509</u>

Amounts owed to group undertakings are unsecured and accrue interest at the base lending rate of Barclays Bank PLC plus 3.0% (2021: base lending rate of Barclays Bank PLC plus 3.0%). The group has agreed with the counterparty that the loan is not due for repayment for a period of at least one year from the date of signing these financial statements.

20. Deferred tax

	2022 £000	2021 £000
Group		
At the beginning of the financial year	6,253	6,847
(Charged)/credited to profit or loss	(3,863)	106
Effect of rate change on brought forward timing differences	1,502	-
Deferred tax on actuarial gains	(988)	(700)
At the end of the financial year	<u>2,904</u>	<u>6,253</u>

The deferred tax asset is made up as follows:

	2022 £000	2021 £000
Accelerated capital allowances	(824)	(2,030)
Other timing differences	6,733	5,874
Uncrystallised capital gains	(4,592)	-
Interest rate swaps fair value	712	1,084
Pension deficit	875	1,325
	<u>2,904</u>	<u>6,253</u>

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

21. Provisions

Group

	Dilapidations £000	Life Cycle Capital Expenditure £000	Onerous Leases £000	Other £000	Total £000
At 1 April 2021	3,855	534	10,831	2,326	17,546
(Released)/charged to profit or loss	(116)	1,147	(941)	-	90
Transfer between provisions	-	2,326	-	(2,326)	-
Unwinding of discount	95	58	260	-	413
Utilised in year	(139)	-	(2,816)	-	(2,955)
At 31 March 2022	3,695	4,065	7,334	-	15,094

Dilapidations

A provision for dilapidations is made in respect of certain non-onerous leasehold properties where it is anticipated that future expenditure will be incurred at the end of the lease. The amounts provided are based on the current estimate of the future costs determined on the basis of the present condition of the relevant properties. Settlement of the amounts provided occurs once agreement is reached with the parties to the lease. In arriving at these provisions, the expected cash flows have been discounted at a risk adjusted rate of 2.50% pa (2021: 2.50% pa).

Life cycle capital expenditure

Provisions have been made in respect of future life cycle capital expenditure related to the group's contracts with DVLA and Aviva. The amounts provided are based on current estimates of the future costs discounted at a risk free rate of 2.50% per annum (2021: 2.50% per annum). £1,000,000 of the charge to this provision has been made in respect of additional life cycle works that the company has agreed to provide under a settlement agreement with the DVLA, which was agreed after 31 March 2022, but which the directors consider to be an adjusting post balance sheet event. Note that £2,326,000 has been transferred from Other to Life Cycle Capital Expenditure as the provision previously recognised as an other provision relates to life cycle capital expenditure.

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. Onerous lease 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 (2021: 2.50% pa) and the provision is expected to be utilised over the life of the relevant property leases.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

22. Loans and borrowings

	Secured/ unsecured	Fixed/ floating	Effective interest rate %	2022 £000	2021 £000
Group					
Bank loans					
£45,000,000 amortising facility - due 03/2025 - SONIA + 2.2988%	Secured	Fixed	4.0935%	31,045	40,455
£52,613,000 amortising facility - due 02/2032 - interest rate: see below	Secured	Fixed	3.6371%	52,613	40,449
£25,000,000 amortising facility - due 05/2024 - SONIA + 1.9193%	Secured	Fixed	2.9020%	18,500	21,000
				<u>102,158</u>	<u>101,904</u>
Loans from group undertakings					
£15,500,000 - due 02/2022 - 9.0000%	Unsecured	Fixed	9.0000%	-	15,500
£15,500,000 - due 02/2032 - 10.1000%	Unsecured	Fixed	10.1000%	15,500	-
£80,000,000 facility - due 12/2031 - 4.5600%	Secured	Fixed	4.5600%	50,091	53,957
£100,000,000 facility - due 09/2026 - BoE base rate + 2.7500%	Unsecured	Floating	3.2730%	-	52,212
£52,212,000 facility - due 06/2022 - BoE base rate + 2.7500%	Unsecured	Floating	3.2730%	52,212	-
£116,737,000 due 12/2024 - 4.0650%	Secured	Fixed	4.0650%	111,906	38,881
				<u>229,709</u>	<u>160,550</u>
Total loans and borrowings				331,867	262,454
Less: unamortised issue costs				(2,332)	(926)
Total loans and borrowings				<u>329,535</u>	<u>261,528</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

22. Loans and borrowings (continued)

Group

In December 2021 the LIBOR element of the group's £45,000,000 amortising facility was amended to SONIA plus a credit adjustment spread of 0.0988% and so including the margin of 2.2000% the interest rate on the loan is now SONIA plus 2.2988%.

In February 2022, the group repaid its existing loan and entered into a new 10 year amortising £52,613,000 facility with The Royal Bank of Scotland PLC secured by a fixed charge over some of the property assets of the group. £47,613,000 of the loan has a fixed interest rate of 3.810% and the other £5,000,000 has an interest rate of SONIA plus 2.400%. As at 31 March 2022 none of the loan had been repaid. The loan is repayable in quarterly instalments, beginning in March 2023, with a final instalment of £47,612,000 repayable in March 2032.

In January 2022 the LIBOR element of the group's £25,000,000 amortising facility was amended to SONIA plus a credit adjustment spread of 0.1193% and so including the margin of 1.8000% the interest rate on the loan is now SONIA plus 1.9193%.

In March 2022 the group repaid its £15,500,000 and £52,212,000 of loan notes which were listed on the International Stock Exchange (and held by fellow group undertakings) and so the group no longer has any listed debt. The group borrowed the same amounts on similar terms from a different fellow group undertaking in order to repay the loan notes and so no cash was required for this refinancing.

Company

The company has a fixed term amount due to group undertakings of £52,212,000 (2021: £52,212,000). The loan is unsecured, accrues interest at the Bank of England Base Rate + 2.75% (2021: Bank of England Base Rate + 2.75%) and matures in June 2022. The balance as at 31 March 2021 was made up of loan notes listed on the International Stock Exchange. In March 2022 the company repaid the loan notes, by borrowing the same amount on similar terms from a fellow group undertaking, and so the company no longer has any listed debt.

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Maturity of financial liabilities				
Within one year	68,857	56,225	52,212	-
Between one and five years	156,191	157,832	-	52,212
More than five years	106,819	48,397	-	-
	<u>331,867</u>	<u>262,454</u>	<u>52,212</u>	<u>52,212</u>

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 £203,367,000 (2021: £58,280,000) and properties held for sale at a carrying value of £4,779,000 (2021: £4,929,000) have been used as security against a loan taken out by Telereal Investment Properties Limited, a fellow group undertaking.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

23. Financial instruments

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Financial assets				
Financial assets measured at fair value through profit or loss:				
Interest rate swaps	668	-	-	-
Financial assets that are debt instruments measured at amortised costs:				
Trade debtors	1,826	3,830	-	-
Amounts owed by group undertakings	1,484,117	1,423,590	1,060,136	1,007,118
Other debtors	41,836	53,771	-	1
Cash and cash equivalents	47,486	56,032	41	282
Accrued income	13,861	12,475	133	579
	<u>1,589,126</u>	<u>1,549,698</u>	<u>1,060,310</u>	<u>1,007,980</u>
Financial liabilities				
Financial liabilities measured at fair value through profit or loss:				
Interest rate swaps	-	2,322	-	-
Financial liabilities measured at amortised cost:				
Bank loans	99,826	100,978	-	-
Trade creditors	8,136	8,559	-	-
Amounts owed to group undertakings	840,597	744,615	1,282,824	1,186,368
Other creditors	1,475	1,745	22	317
Accruals	41,265	65,326	326	480
	<u>991,299</u>	<u>923,545</u>	<u>1,283,172</u>	<u>1,187,165</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 interest rates payable according to a stepped profile over time at effective rates ranging from 3.45% pa to 5.268% pa. All swaps are in the money and show a combined fair value of £668,000 (2021: out of the money with fair value £2,322,000). The aggregate notional principal of the outstanding swap contracts at 31 March 2022 was £54,545,000 (2021: £102,872,000).

The floating rate element of the group's swap contracts was previously LIBOR, however due to the cessation of LIBOR at the end of 2021 the group has transitioned its swap contract to SONIA during the year. The change from LIBOR to SONIA has not had a material impact on the group in the year.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

24. Pension liability

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 £1,192,000 (2021: £1,165,000), were charged to the Statement of Comprehensive Income. No amounts were outstanding as at 31 March 2022 (2021: £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 2021 and updated to 31 March 2022 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:

	2022 £000	2021 £000
At the beginning of the year	(151,968)	(127,705)
Interest cost	(3,145)	(3,267)
Actuarial gains/(losses)	3,348	(25,151)
Benefits paid	4,404	4,155
At the end of the year	(147,361)	(151,968)

Reconciliation of present value of plan assets:

	2022 £000	2021 £000
At the beginning of the year	144,994	117,660
Interest income	2,998	3,005
Actuarial gains	604	28,839
Benefits paid	(4,404)	(4,155)
Administration expenses	(330)	(355)
At the end of the year	143,862	144,994

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

24. Pension liability (continued)

Composition of plan assets:

	2022 £000	2021 £000
UK Equities	38,450	47,995
Global Equities	22,830	54,028
Emerging Market Debt	25,529	11,190
Asset Backed Securities	1,448	1,813
Property	45,401	27,324
Cash and accruals	10,204	2,644
Total plan assets	143,862	144,994

At 31 March 2022 and 31 March 2021, the properties were revalued internally by a chartered surveyor who is a member of the Royal Institution of Chartered Surveyors (RICS). The valuations are prepared in accordance with the valuation principles of the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

	2022 £000	2021 £000
Fair value of plan assets	143,862	144,994
Present value of plan liabilities	(147,361)	(151,968)
Net pension scheme liability	(3,499)	(6,974)

The amounts recognised in profit or loss are as follows:

	2022 £000	2021 £000
Administration expenses	330	355
Interest on net defined benefit liability	147	262
Total	477	617

The cumulative amount of actuarial gains recognised in the Consolidated Statement of Comprehensive Income was £3,956,000 (2021: £4,000).

TRILLIUM HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

24. Pension liability (continued)

Principal actuarial assumptions at the Balance Sheet date:

	2022	2021
Discount rate	2.80%	2.10%
Inflation assumption	3.60%	3.20%
Mortality rates (years)		
- for a male aged 65 now	22.3	22.3
- at 65 for a male aged 45 now	22.9	23.6
- for a female aged 65 now	23.6	23.9
- at 65 for a female member aged 45 now	25.4	25.4

Defined benefit pension schemes

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Defined benefit obligation	(147,361)	(151,968)	(127,705)	(140,346)	(136,232)
Scheme assets	143,862	144,994	117,660	131,462	124,810
Deficit	(3,499)	(6,974)	(10,045)	(8,884)	(11,422)
Experience adjustments on scheme liabilities	3,348	(25,151)	11,961	(4,072)	4,854
Experience adjustments on scheme assets	604	28,839	(12,554)	7,731	2,679

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

25. 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 TTRE Group Limited.

Other than those disclosed elsewhere in the financial statements, during the year, the group had the following related party transactions:

	2022 £000	2021 £000
Interest payable to related parties	1	72
Interest receivable from related parties	(3,437)	(2,112)
Amounts owed by related parties at year end	60,610	103,492
Amounts owed to related parties at year end	(2,162)	-

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 Property Developments 1 Limited
Lands Improvement Group Limited
Tele-Lands Improvement Limited

26. Called up share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
25,300,000 (2021 - 25,300,000) Ordinary shares of £1.00 each	25,300	25,300

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

27. Commitments under operating leases

Group

At 31 March 2022 and 31 March 2021, the group had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2022 £000	Land and buildings 2021 £000	Other 2022 £000	Other 2021 £000
Within 1 year	19,678	20,319	7	12
Later than 1 year and not later than 5 years	52,775	63,350	-	9
Later than 5 years	49,853	60,150	-	-
	<u>122,306</u>	<u>143,819</u>	<u>7</u>	<u>21</u>

The group leases out its properties under non-cancellable operating leases for the following future minimum lease payments. There are no contingent rents.

	2022 £000	2021 £000
Within 1 year	38,440	35,832
Later than 1 year and not later than 5 years	107,319	95,421
Later than 5 years	87,759	90,562
	<u>233,518</u>	<u>221,815</u>

Company

At the balance sheet date the company had no operating lease commitments payable or operating leases receivable.

28. Contingent liabilities

Trillium Holdings Limited acts as a guarantor for a number of subsidiary undertakings in respect of certain commercial contracts in the normal course of business. The likelihood of liabilities arising from these guarantees is low and not expected to be material.

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

29. Prior year adjustment

The financial statements contain adjustments to the Consolidated Statement of Cash Flows for the year ended 31 March 2021 to correct for an error in relation to intercompany loans. The Consolidated Statement of Cash Flows in the prior year financial statements contained cashflows in respect of interest paid and received on intercompany loans, when in reality no cash was used to settle these transactions which were instead settled on intercompany accounts. For example, rather than intercompany interest being paid in cash it was rolled up into the intercompany loans payable. The correction are set out below:

	As previously stated	Movement	As restated
	£'000	£'000	£'000
Cash flows from operating activities			
(Increase)/decrease in amounts owed by groups	87,821	33,901	121,722
Cash flows from investing activities			
Interest received	47,789	(41,000)	6,789
Cash flows from financing activities			
Interest paid	(15,217)	7,099	(8,118)

All the above items are considered by the directors to be non-cash as they are settled via intercompany balances, and do not result in cash flowing within the group.

30. Post balance sheet events

In June 2022, the group refinanced its £52,212,000 loan from Trillium Limited, a fellow group undertaking. The previous loan had an interest of the Bank of England base rate plus 2.75% and was loaned to Trillium Holdings Limited. After the refinancing the group has loans totalling £52,212,000 from Trillium Limited, of which £16,212,000 is loaned to Telereal Holdings Limited and is interest free, £11,000,000 is loaned to Trillium (PRIME) Property GP Limited which has a fixed interest rate of 6.42% and £25,000,000 is loaned to Manston Properties Limited which has an interest rate of 10.02%

31. Controlling party

Trillium Holdings Limited is a wholly owned subsidiary of London Wall Outsourcing Limited, which is the immediate parent of the company. London Wall Outsourcing Limited is the smallest company to consolidate the results of the company. The ultimate parent undertaking, incorporated in England and Wales, to consolidate the results of the company is Telereal Limited.

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 TTRE Group Limited, which is incorporated in Jersey and its registered office is IFC5, St Helier, Jersey, JE1 1ST.

The annual report and financial statements of London Wall Outsourcing Limited and Telereal 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 2022

32. Subsidiaries

The company holds direct and indirect investments of 100% of the nominal value of any class of share of subsidiary undertakings. All subsidiary undertakings operate in Great Britain and are registered in England and Wales except for Telereal Walton Limited, which is incorporated in Jersey. The wholly owned group undertakings at 31 March 2022 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 Group Limited - (Dormant company)*
Trillium Bastion House Limited - (Property management and services)*
Trillium Property Services Limited - (Overhead and service company)*
Trillium (Media Services) Limited - (Non-trading company)
Telereal Walton Limited - (Holding company)*
Telereal (LW) Holdings Limited (formerly 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 - (New business opportunities)
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 - (Property management and services)*
Trillium (Horizon) Leaseholds Limited - (Property management and services)
Trillium (Horizon) Other Properties Limited - (Dormant company)*
Telereal (London Wall) Limited (formerly Telereal Trillium Limited) - (Dormant company)*
TLW Holdings Limited (formerly Trillium Limited) - (Dormant company)*
Trillium (Lancaster) Newco 50 Limited - (Dormant company)*
Trillium (DV1A) Limited - (Property management and services)*
Telereal 112 Property Limited - (Property management and services)*
Trillium (Eagle) Limited - (Property management and services)*
Trillium (UK) Limited - (Dormant company)*
Trillium (RMH) Limited - (Holding company)*
Trillium (RML) Limited - (Property management and services)
Trillium (RMF) Limited - (Property management and services)
Trillium Property Trading 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)*

* Direct holding

TRILLIUM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

32. Subsidiaries (continued)

In addition, through the subsidiaries listed above, the company owns a 100% interest in Trillium (PRIME) Property Limited Partnership, a dormant entity 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.

Certain of the subsidiaries listed above did not have their financial statements for the year-ended 31 March 2021 (or other year-end as stated below) audited as they have taken an exemption under section 479A of the Companies Act 2006. Those subsidiaries are:

- Telereal 112 Property Limited
- Telereal Developments Limited
- Telereal Holdings Limited
- Telereal Property Partners Limited (year-end 30 September 2021)
- Telereal Ventures Limited
- Trillium (Eagle) Limited
- Trillium (Prime) Holdings Limited
- Trillium Bastion House Limited