

COMPANY REGISTRATION NUMBER: 4278616

Tricomm Housing Limited
Financial statements
30 September 2021



Tricomm Housing Limited

Financial statements

Year ended 30 September 2021

Contents	Pages
Officers and professional advisers	1
Directors' report	2 to 3
Independent auditor's report to the members of Tricomm Housing Limited	4 to 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11 to 19

Tricomm Housing Limited

Officers and professional advisers

The board of directors

Helen C Gordon
Adam McGhin
Eliza Pattinson

Company secretary

Adam McGhin

Registered office

Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Auditor

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Banker

Royal Bank of Scotland
16 Northumberland Street
Newcastle upon Tyne
NE1 7EL

Solicitor

Womble Bond Dickinson (UK) LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

Tricomm Housing Limited

Directors' report

Year ended 30 September 2021

The directors present their report and the financial statements of the company for the year ended 30 September 2021.

Principal activities

The principal activity of the company during the year was property investment. The directors do not recommend the payment of a dividend (2020: £nil).

Directors

The directors who served the company during the year, and subsequent to the year end, were as follows:

Helen C Gordon	
Adam McGhin	
Andrew P Saunderson	(Resigned 26 November 2021)
Vanessa K Simms	(Resigned 26 April 2021)
Eliza Pattinson	(Appointed 14 October 2021)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 *Reduced Disclosure Framework*. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Tricomm Housing Limited

Directors' report *(continued)*

Year ended 30 September 2021

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 25 March 2022 and signed on behalf of the board by:



Adam McGhin
Company Secretary

Independent auditor's report to the members of Tricomm Housing Limited

Opinion

We have audited the financial statements of Tricomm Housing Limited ("the company") for the year ended 30 September 2021 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Independent auditor's report to the members of Tricomm Housing Limited (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to Grainger plc's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- reading Board minutes.
- considering remuneration incentive schemes and performance targets for management.
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition due to the simple and non-judgmental nature of revenue recognition.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of Group-wide fraud risk management controls.

We also performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent auditor's report to the members of Tricomm Housing Limited (continued)

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, landlord regulation and certain aspects of company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Independent auditor's report to the members of Tricomm Housing Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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



Dan Gibson (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
31 March 2022

Tricomm Housing Limited

Statement of comprehensive income

Year ended 30 September 2021

	Note	2021 £000	2020 £000
Turnover	4	8,296	8,367
Cost of sales		<u>(1,588)</u>	<u>(1,352)</u>
Gross profit		6,708	7,015
Administrative expenses		(27)	(49)
Fair value gain on investment property	5	<u>8,877</u>	<u>4,155</u>
Operating profit	6	15,558	11,121
Profit on disposal of fixed assets		61	—
Profit before interest and taxation		15,619	11,121
Interest receivable and similar income	7	2,983	—
Interest payable and similar expenses	8	<u>(4,689)</u>	<u>(6,054)</u>
Profit before taxation		13,913	5,067
Tax on profit	9	<u>(2,590)</u>	<u>(366)</u>
Profit for the financial year and total comprehensive income		<u>11,323</u>	<u>4,701</u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 19 form part of these financial statements.

Tricomm Housing Limited

Statement of financial position

30 September 2021

	Note	2021 £000	2020 £000
Fixed assets			
Investment property	10	135,260	127,249
Current assets			
Debtors	11	981	3,565
Cash at bank and in hand		26,068	22,004
		<u>27,049</u>	<u>25,569</u>
Creditors: amounts falling due within one year	12	<u>(35,598)</u>	<u>(36,752)</u>
Net current liabilities		<u>(8,549)</u>	<u>(11,183)</u>
Total assets less current liabilities		126,711	116,066
Creditors: amounts falling due after more than one year	13	<u>(63,630)</u>	<u>(64,308)</u>
Net assets		<u><u>63,081</u></u>	<u><u>51,758</u></u>
Capital and reserves			
Called up share capital	15	200	200
Profit and loss account	16	62,881	51,558
Shareholders' funds		<u><u>63,081</u></u>	<u><u>51,758</u></u>

These financial statements were approved by the board of directors and authorised for issue on 25 March 2022, and are signed on behalf of the board by:



Adam McGhin
Director

Company registration number: 4278616

The notes on pages 11 to 19 form part of these financial statements.

Tricomm Housing Limited

Statement of changes in equity

Year ended 30 September 2021

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 October 2019	200	46,857	47,057
Profit for the year	–	4,701	4,701
Total comprehensive income for the year	–	4,701	4,701
At 30 September 2020	200	51,558	51,758
Profit for the year	–	11,323	11,323
Total comprehensive income for the year	–	11,323	11,323
At 30 September 2021	<u>200</u>	<u>62,881</u>	<u>63,081</u>

The notes on pages 11 to 19 form part of these financial statements.

Tricomm Housing Limited

Notes to the financial statements

Year ended 30 September 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

2. Statement of compliance

The financial statements of Tricomm Housing Limited ("the company") for the year ended 30 September 2021 were authorised for issue by the board of directors on 25 March 2022 and the statement of financial position was signed on the board's behalf by Adam McGhin.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The company's ultimate parent undertaking, Grainger plc, includes the company in its consolidated financial statements. The consolidated financial statements of Grainger plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

3. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment property and derivative financial instruments, and in accordance with applicable UK accounting standards.

The financial statements are prepared on the going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, which have been applied consistently throughout the year.

Tricomm Housing Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2021

3. Accounting policies *(continued)*

Going concern

Notwithstanding net current liabilities of £8,549,000 as at 30 September 2021 and a profit for the year then ended of £11,323,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is a subsidiary of Grainger plc. The directors of Grainger plc, the ultimate parent undertaking, manage the group's strategy and risks on a consolidated basis, rather than at an individual entity level. Similarly, the financial and operating performance of the business is assessed at a Grainger plc operating segment level. For these reasons, the directors do not prepare cash flow forecasts at an individual entity level.

On a consolidated basis, the Group has assessed its future funding commitments and compared these to the level of committed loan facilities and cash resources over the medium term. In making this assessment, consideration has been given to compliance with borrowing covenants along with the uncertainty inherent in future financial forecasts and, where applicable, reasonable severe sensitivities, including the potential impact of Covid-19, have been applied to the key factors affecting financial performance of the Group. This includes the potential impact on performance due to possible changes in the level of cash collection, rental growth, letting activity, sales performance and development activity. The Directors of the Group have a reasonable expectation that it has adequate resources to continue operating for the foreseeable future period, and not less than 12 months from the date of approval of these financial statements.

Grainger plc has indicated that it will make available such funds as are needed by the entity and that it does not intend to seek repayment of amounts due at the balance sheet date for the foreseeable future. As with any entity placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. The directors do not intend to nor have they identified any circumstances which may lead to the entity being liquidated or to cease operating.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Tricomm Housing Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2021

3. Accounting policies *(continued)*

Disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- (a) Cash flow statement and related notes;
- (b) Comparative period reconciliations for share capital;
- (c) Disclosures in respect of capital management;
- (d) The effects of new but not yet effective IFRSs;
- (e) Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Grainger plc include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments: Disclosures.

The company has considered the impact of the adoption of those new and revised International Financial Reporting Standards and interpretations that were effective for the first time from 1 October 2020. There has been no material impact on the company following the adoption of these standards.

Revenue recognition

Turnover comprises gross rentals, exclusive of VAT. Gross rentals are recognised on a straight line basis over the lease term on an accruals basis.

Income tax

The taxation charge for the year represents the sum of the tax currently payable and deferred tax. The charge is recognised in the statement of comprehensive income according to the accounting treatment of the related transaction.

Current tax payable or receivable is based on the taxable income for the period and any adjustment in respect of prior periods and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Tax payable upon the realisation of revaluation gains recognised in prior periods is recorded as a current tax charge with a release of the associated deferred tax.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will give rise to a future tax liability against which the deferred tax assets can be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tricomm Housing Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2021

3. Accounting policies *(continued)*

Investment property

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specified asset. If this information is not available, the company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

Subsequent expenditure is included in the carrying amount of the property when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Gains or losses arising from changes in the fair value of the company's investment properties are included in the statement of comprehensive income of the period in which they arise.

Derivative financial instruments

The company uses derivative instruments to help manage its interest rate risk. In accordance with its treasury policy, the company does not hold or issue derivatives for trading purposes. Derivatives are classified as current liabilities.

The derivatives are recognised initially at fair value. Subsequently, the gain or loss on re-measurement to fair value is recognised immediately in the income statement, unless the derivatives qualify for cash flow hedge accounting in which case any gain or loss is taken to equity in a cash flow hedge reserve via other comprehensive income.

In order to qualify for hedge accounting, the company is required to document in advance the relationship between the item being hedged and the hedging instrument. The company is also required to demonstrate that the hedge will be highly effective on an on-going basis. The effectiveness testing is re-performed at each period end to ensure that the hedge remains highly effective.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the income statement.

The fair value of interest rate swaps is based on a discounted cash flow model using market information.

Tricomm Housing Limited

Notes to the financial statements (continued)

Year ended 30 September 2021

3. Accounting policies (continued)

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, other creditors.

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Other creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported. The judgements, estimates and assumptions that the directors consider to be most significant to the financial statements relate to the valuation of investment properties and are detailed at note 10.

4. Turnover

Turnover arises from:

	2021 £000	2020 £000
Rental income	<u>8,296</u>	<u>8,367</u>

The total turnover of the company has been derived from its principal activity wholly undertaken in the UK as defined in the directors' report.

5. Fair value gain on investment property

	2021 £000	2020 £000
Fair value gain on investment property	<u>8,877</u>	<u>4,155</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2021 £000	2020 £000
Fees payable for the audit of the financial statements	<u>9</u>	<u>9</u>

There are no persons holding service contracts with the company (2020: none). None of the directors received any remuneration from the company during the year, or in the previous year, in respect of their services to the company.

Tricomm Housing Limited

Notes to the financial statements (continued)

Year ended 30 September 2021

7. Interest receivable and similar income

	2021 £000	2020 £000
Gain on financial instruments	<u>2,983</u>	<u>—</u>

8. Interest payable and similar expenses

	2021 £000	2020 £000
Interest due to group undertakings	4,109	4,493
Loss on financial instruments	—	1,260
Other interest payable and similar charges	<u>580</u>	<u>301</u>
	<u>4,689</u>	<u>6,054</u>

9. Tax on profit

Major components of tax expense

	2021 £000	2020 £000
Current tax:		
UK current tax expense	24	22
Deferred tax:		
Origination and reversal of temporary differences	<u>2,566</u>	<u>344</u>
Tax on profit	<u>2,590</u>	<u>366</u>

There is no unprovided deferred tax liability or unrecognised deferred tax asset in these financial statements.

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £000	2020 £000
Profit on ordinary activities before taxation	<u>13,913</u>	<u>5,067</u>
Profit on ordinary activities by rate of tax	2,643	963
Effect of expenses not deductible for tax purposes	1	—
Indexation included in deferred tax provision	22	(209)
Impact of tax rate changes	(72)	(375)
Capital allowances	<u>(4)</u>	<u>(13)</u>
Tax on profit	<u>2,590</u>	<u>366</u>

Factors that may affect future tax expense

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) has been enacted. This will increase the company's future current tax charge accordingly. Deferred tax at 30 September 2021 has been measured at 25% (2020: 19%).

Tricomm Housing Limited

Notes to the financial statements (continued)

Year ended 30 September 2021

10. Investment property

	Investment property £000
Cost or valuation	
At 1 October 2020	127,249
Disposals	(866)
Revaluations	8,877
At 30 September 2021	135,260
Carrying amount	
At 30 September 2021	135,260
At 30 September 2020	127,249

The property assets owned by Tricomm Housing Limited and let under a long-term lease arrangement with the Secretary of State for Defence under a PFI Project Agreement have been valued by Allsop LLP. Allsop LLP has provided an Investment Valuation which is defined as 'the value of an asset to the owner or a prospective owner for individual investment or operational objectives'. The Investment Valuation has been made in accordance with RICS Professional Valuation Standards, is based on a discounted cash flow model, and results in an Investment Valuation of £135.3m as at 30 September 2021 (2020: £127.2m). The property is held in the company balance sheet as investment property at this figure.

The historical cost of these properties is £88,854,908 (2020: £89,721,077).

11. Debtors

	2021 £000	2020 £000
Trade debtors	11	16
Deferred tax asset	279	2,844
Prepayments and accrued income	691	705
	981	3,565

12. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Amounts owed to group undertakings	34,574	32,650
Accruals and deferred income	93	180
Social security and other taxes	317	314
Derivative financial liability	348	3,331
Other creditors	266	277
	35,598	36,752

Tricomm Housing Limited

Notes to the financial statements (continued)

Year ended 30 September 2021

12. Creditors: amounts falling due within one year (continued)

Included within amounts owed to group undertakings is £1,264,564 (2020: £1,264,564) relating to Tranche A of the loans due to Grainger Finance (Tricomm) Limited (see note 13). Also included within amounts owed to group undertakings is £32,610,860 (2020: £30,275,532) which is unsecured, is repayable on demand and bears interest at a weighted rate of 7.50% in the year (2020: 7.50%). Interest payable for the year amounted to £2,335,328 (2020: £2,173,759). All other amounts owed to group undertakings are unsecured, bear no interest and are repayable on demand.

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

	2021 £000	2020 £000
Amounts owed to group undertakings	<u>63,630</u>	<u>64,308</u>

There are two tranches of loans due to Grainger Finance (Tricomm) Limited.

Tranche A is repayable over a period of 24 years and 6 months by way of semi-annual payments which commenced on 30 April 2004, with the last repayment due on 31 October 2028.

Tranche B is fully repayable on 31 October 2028 in one payment.

The total of the two tranches, including amounts due within one year, is £56,309,265 (2020: £57,074,249).

The loans with Grainger Finance (Tricomm) Limited are secured by way of a fixed and floating charge over the assets of the company.

Interest is charged at floating rates fixed by way of swap instruments at a weighted average interest rate of 3.0% per annum.

The company is hedging against interest rate movements by fixing the interest it will pay over the period of the loans with interest rate swaps.

Also included in amounts owed to group undertakings is a loan of £9,200,000 (2020: £9,200,000) owed to Tricomm Housing (Holdings) Limited.

The loan bears interest at 11% and is repayable in 2028.

14. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021 £000	2020 £000
Included in debtors (note 11)	<u>279</u>	<u>2,844</u>

The deferred tax account consists of the tax effect of temporary differences in respect of:

	2021 £000	2020 £000
Fair value adjustment of investment property	2,995	581
Derivative financial instrument	<u>(3,274)</u>	<u>(3,425)</u>
	<u>(279)</u>	<u>(2,844)</u>

Tricomm Housing Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2021

15. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>199,998</u>	<u>200</u>	<u>199,998</u>	<u>200</u>

16. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

17. Related party transactions

The company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Grainger plc group.

18. Ultimate parent undertaking and controlling party

The directors regard Grainger plc, a company registered in England and Wales, as the ultimate parent undertaking and the ultimate controlling party, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Grainger plc consolidated financial statements may be obtained from The Secretary, Grainger plc, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

Tricomm Housing (Holdings) Limited is the immediate controlling party and parent company by virtue of its 100% shareholding in the company.