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TRICOMM HOUSING (HOLDINGS) LIMITED

ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2009



TRICOMM HOUSING (HOLDINGS) LIMITED

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TRICOMM HOUSING (HOLDINGS) LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

- 1 The directors present their report and audited financial statements for the year ended 31 December 2009

2 **REVIEW OF ACTIVITIES**

The company is the non-trading holding company for Tricomm Housing Limited, which comprises a residential property portfolio leased to the Secretary of State for Defence under the terms of a long term project agreement expiring in 2028. The project agreement obliges the company to provide (or procure the provision of) facilities management services to the tenant. The tenant pays an occupancy charge which includes the costs of facilities management pursuant to a life cycle maintenance programme. The company employs a facilities manager to execute the maintenance programme.

3 **RESULTS AND DIVIDEND**

The trading results for the year are as shown in the statement of comprehensive income on page 6.

The directors do not recommend the payment of a dividend for the year ended 31 December 2009 (2008: £nil).

4 **DIRECTORS**

The current directors and directors of the company who held office during the year are as follows:

G E Eastaugh
P J Gadsden
M Lawson

5 **SUPPLIER PAYMENT POLICY**

It is the Company's policy that payments made to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers.

6 **INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

7 **AVAILABILITY OF AUDIT INFORMATION**

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

8 AUDITORS

In accordance with section 487 of the Companies Act 2006, no other auditor having been appointed before the end of the last period for appointing auditors, the company's existing auditors, KPMG Audit Plc, will be deemed to be re-appointed as the auditors of the company for the current financial year

By order of the board

A handwritten signature in black ink, appearing to read 'Guy Eastaugh', with a stylized flourish at the end.

Guy Eastaugh
Director

28 September 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Company financial statements for each financial year. Under that law the Directors have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law.

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

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

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

INDEPENDENT AUDITORS' REPORT

to the members of Tricomm Housing (Holdings) Limited (Registered Number 04278621)

We have audited the financial statements of Tricomm Housing (Holdings) Limited for year ended 31 December 2009 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its result for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

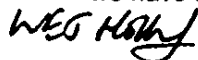
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Company, 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.



WEJ Holland
(Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

London

28 September 2010

TRICOMM HOUSING (HOLDINGS) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	Year ended 31.12.09 £	Year ended 31.12.08 £
Turnover		-	-
Operating profit	2	-	-
Interest receivable		1,012,000	1,014,772
Interest payable and similar charges	3	(1,012,000)	(1,014,772)
Result on ordinary activities before taxation		-	-
Tax on result on ordinary activities		-	-
Result for the financial year		-	-

There are no other items of comprehensive income other than the result for the year

All results relate to continuing operations

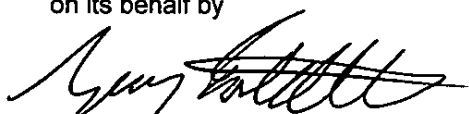
The notes on pages 10 to 17 form part of these financial statements

TRICOMM HOUSING (HOLDINGS) LIMITED (Registered Number 04278621)

BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	31.12.09 £	31.12.08 £
Non-current assets			
Investments in subsidiary undertakings	4	199,998	199,998
Interest bearing loans and borrowings	5	9,200,000	9,200,000
Total non-current assets		9,399,998	9,399,998
Current assets			
Trade and other receivables	6	171,901	169,129
Total current assets		171,901	169,129
Total Assets		9,571,899	9,569,127
Current liabilities			
Trade and other payables	8	(171,901)	(169,129)
Total current liabilities		(171,901)	(169,129)
Non-current liabilities			
Interest bearing loans and borrowings	7	(9,200,000)	(9,200,000)
Total non-current liabilities		(9,200,000)	(9,200,000)
Total liabilities		(9,371,901)	(9,369,129)
Net assets		199,998	199,998
Capital & reserves			
Called-up share capital	11	199,998	199,998
Equity shareholders' funds		199,998	199,998

The financial statements were approved by the board of directors on 28 September 2010 and signed on its behalf by


 Guy Eastaugh
 Director

The notes on pages 10 to 17 form part of these financial statements

TRICOMM HOUSING (HOLDINGS) LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Share Capital	Retained Earnings	Total
	£	£	£000
Balance at 1 January 2008	199,998	-	199,998
Result for the year	-	-	-
Total comprehensive income	-	-	-
Balance at 31 December 2008	199,998	-	199,998
Result for the year	-	-	-
Total comprehensive income	-	-	-
Balance at 31 December 2009	199,998	-	199,998

TRICOMM HOUSING (HOLDINGS) LIMITED

CASH FLOW STATEMENT

For the year ended 31 December 2009

	2009	2008
	£	£
Operating activities		
Profit for the year	-	-
Increase in trade and other receivables	(2,772)	-
Increase in trade and other payables	2,772	-
Net change in cash and cash equivalents for the year	-	-
Opening cash and cash equivalents	-	-
Closing cash and cash equivalents	-	-

TRICOMM HOUSING (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

The Company's financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ('IFRS') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') as adopted by the EU ('Adopted IFRS') that are effective at 31 December 2009 and comply with article 4 of the EU IAS regulation

The principal accounting policies are summarised below, and unless otherwise stated, have been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 1 January 2008 for the purposes of the transition to Adopted IFRSs

(a) Transition to Adopted IFRSs

The Company is preparing its financial statements in accordance with Adopted IFRS for the first time and consequently has applied IAS 1. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 9

(b) Basis of preparation

The application of the following IFRS pronouncements which all became effective in 2009 has had no material impact on these financial statements

- IFRS 8 'Operating Segments' This requires segment disclosure based on the components of an entity that management monitors in making operating decisions. Segment information for the Invista Group for the year ended 31 December 2009 and for the comparative period can be found in the accounts of the Company's immediate parent undertaking Invista Real Estate Investment Management Holdings plc. As the shares in the Company are not publicly traded this standard is not applicable to the Company

- Amendments to IFRS 7 'Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments' This requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy

- IFRIC 13 'Customer Loyalty Programmes' This addresses the accounting by entities for customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services

- Amendment to IFRS2 'Share Based Payment – Vesting Conditions and Cancellations' This clarifies the definition of vesting conditions and introduces the concept of non-vesting conditions and the relevant accounting treatment

- Amendments to IFRIC 9 'Reassessment of Embedded Derivatives' and IAS 39 'Financial Instruments: Recognition and Measurement' This amendment clarifies that a reassessment of embedded derivatives is required whenever a financial asset has been reclassified out of the fair value through profit or loss category

- IAS 23 'Borrowing Costs' This revised standard requires interest and other costs incurred in connection with the borrowing of funds to be recognised as an expense excepting that those which are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to get ready for their intended use or sale which must be capitalised as part of the cost of those assets

- Amendments to IAS 32 'Financial Instruments Presentation' and IAS 1 'Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation' The amendments require some puttable financial instruments (being those which give the holder the right to put the instrument back to the issuer for cash or another financial asset) and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity

- Improvements to IFRSs (issued May 2008) This sets out minor amendments to IFRSs as part of the annual improvements process Most amendments clarified existing practice

- Amendment to IAS 27 'Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate' This amendment removes the definition of the cost method and requires the presentation of all dividends (including those paid from pre-acquisition profits) as income in the separate financial statements of the investor

The following new standards, amendments to standards, and interpretations have been adopted by the EU but are not yet effective for the year ended 31 December 2009 and have not been applied by the Company in preparing these financial statements The full impact of these accounting changes is being assessed by the Company Their adoption is not expected to have a material effect on the financial statements

- IFRIC 12 'Service Concession Arrangements' – which is mandatory for EU adopters for annual periods commencing on or after 29 March 2009 This addresses how service concession operators should apply existing IFRSs to their arrangements

- IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' – which is mandatory for EU adopters for annual periods commencing on or after 30 June 2009 This interpretation provides guidance on accounting for hedges of net investments in foreign operations in an entity's consolidated financial statements

- IFRS 3 'Business Combinations' – which is applicable for annual periods commencing on or after 1 July 2009 The revised standard continues to apply the acquisition method to business combinations, however, all payments to purchase a business are to be recorded at fair value at the acquisition date, some contingent payments are subsequently re-measured at fair value through income, goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest, and all transaction costs are expensed

- IAS 27 'Consolidated and Separate Financial Statements' – which is applicable for annual periods commencing on or after 1 July 2009 Requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control, any remaining interest in an investee is re-measured to fair value in determining the gain or loss recognised in profit or loss where control over the investee is lost

- IFRIC 17 'Distributions of Non-cash Assets to Owners' – which is applicable for annual periods commencing on or after 1 July 2009 Provides accounting guidance for non-reciprocal distributions of non-cash assets to owners (and those in which owners may elect to receive a cash alternative)

- Amendments to IAS 39 'Financial Instruments Recognition and Measurement – Eligible Hedged Items' – which is applicable for annual periods commencing on or after 1 July 2009 Clarifies how the principles underlying hedge accounting should be applied in particular situations

- Amendments to IAS 32 'Financial Instruments Presentation – Classification of Rights Issues' – which is applicable for annual periods commencing on or after 1 February 2010 Requires rights issues denominated in a currency other than the functional currency of the issuer to be classified as equity regardless of the currency in which the exercise price is denominated

- IFRIC 18 'Transfer of Assets from Customers' – which is applicable for annual periods commencing on or after 1 November 2009 Clarifies the requirements for IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services

- IFRIC 15 'Agreements for the Construction of Real Estate' – which is applicable for annual periods commencing on or after 1 January 2010 Standardises accounting practice across jurisdictions for the recognition of revenue by real estate developers for sales of units before construction is complete

The financial statements are presented in sterling, rounded to the nearest pound They are prepared on the historical cost basis

The preparation of financial statements in conformity with Adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group

(c) **Investment in subsidiary undertakings**

Investments in subsidiary undertakings are included at cost less any provision for impairment

2 Operating profit

Auditors' remuneration is paid by Tricomm Housing Limited and is disclosed in the accounts of that Company The audit fee incurred for these financial statements was £1,000 (2008 £1,000) There were no other fees payable to the auditors

The directors did not receive any remuneration for their services to the company in either year and there were no employees during the year (2008 Nil)

3 Interest payable and similar charges

	Year ended 31 12.09 £	Year ended 31.12.08 £
Interest payable on loans to group undertakings	1,012,000	1,014,772

4 Investments in subsidiary undertakings

	31.12.09	31.12.08
	£	£
Investments in subsidiary undertakings	199,998	199,998

The Company wholly owned the ordinary share capital in the following subsidiary undertaking as at 31 December 2009

Subsidiary undertakings	Country of incorporation	Principal activity
Tricomm Housing Limited	UK	Operates PFI concessions

At the 31 December 2009 the net assets of Tricomm Housing Limited were £29,029,744

5 Interest bearing loans and borrowings

	31.12.09	31.12.08
	£	£
Loans to group undertakings	9,200,000	9,200,000

The loan to group undertakings relates to Tricomm Housing Limited and is repayable on 31 October 2028 Interest is charged at 11.00% per annum

6 Trade and other receivables

	31.12.09	31.12.08
	£	£
Interest receivable from group undertakings	171,901	169,129

The amount relates to accrued interest on loans to Tricomm Housing Limited

7 Interest bearing loans and borrowings

	31.12.09	31.12.08
	£	£
Loans from group undertakings	9,200,000	9,200,000

The loan from group undertakings relates to Invista Castle Limited and is repayable on 31 October 2028 Interest is charged at 11.00% per annum

8 Trade and other payables

	31.12.09	31.12.08
	£	£
Interest payable to group undertakings	171,901	169,129

The amount relates to accrued interest on loans to Invista Castle Limited

9 Explanation of transition to IFRS

As stated in note 1(a) these are the Company's first financial statements prepared in accordance with IFRS

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year end 31 December 2009, the comparative information presented in these financial statements for the year ended 31 December 2008 and in the preparation of an opening IFRS balance sheet at 1 January 2008 (the Company's date of transition)

As a result of the transition from UK GAAP to IFRS there has not been any material impact on the financial position, financial performance and cash flows of the Company. Therefore, no reconciliation or accompanying notes is required

10. Financial instruments

With regard to its use of financial instruments the Company has exposure to the risks set out below

a) Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was

Carrying amount	31.12.2009 £	31.12.2008 £
Investments in subsidiary undertakings	199,998	199,998

The ageing of trade receivables at the balance sheets dates are as follows

	31.12.2009 £	31.12.2008 £
Current	-	-
0-3 months	-	-
3-6 months	171,901	169,129
Over 12 months	-	-
	171,901	169,129

All trade receivables relate to Tricomm Housing Limited who has a good track record with the Company

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter in realising assets or otherwise raising funds to meet financial commitments

The Company's investment is in Tricomm Housing Limited which invests directly in UK residential property. Property and property related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to uncertainty. There is no assurance that the valuation opinion provided by the valuer will reflect the actual sales price even where such sales occur shortly after the valuation date.

In certain circumstances, the terms of the Company's debt facilities entitle the lender to require early repayment and in such circumstances the Company's ability to maintain dividend levels and the net asset value attributable to the Ordinary Shares could be adversely affected.

The following are the contractual maturities of financial liabilities including estimated interest payments

Non-derivative financial liabilities	Carrying amount £	Contractual cash flows* £	Up to 1 mth £	1- 3 mths £	4-12 mths £	Over 12 mths £
31 December 2009						
Loans	9,200,000	(28,272,734)	-	-	(1,012,000)	(27,260,734)
Trade and other payables	171,901	(171,901)	-	-	(171,901)	-
31 December 2008						
Loans	9,200,000	(28,272,734)	-	-	(1,012,000)	(27,260,734)
Trade and other payables	169,129	(169,129)	-	-	(169,129)	-

*Contractual cash flows include debt repayments and interest on loans and borrowings

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i) Currency risk

Currently, the Company only transacts in Sterling (GBP) and therefore is not subject to any currency risk.

Within subsidiary undertakings Tricomm Housing Limited there is no currency risk as all transactions are in GBP.

ii) Interest rate risk

The Company had no cash balance at 31 December 2009.

Interest payable on loans to Invista Castle Limited is fixed at 11% per annum for the term of the loan. Interest receivable from Tricomm Housing Limited is fixed at 11% per annum for the term of the loan.

(d) Capital management

The Company is not subject to externally imposed capital requirements.

(e) Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Carrying amount 2009 £	Fair value 2009 £	Carrying amount 2008 £	Fair value 2008 £
Trade and other payables	171,901	171,901	169,129	169,129

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table

Trade and other receivables / payables

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less attributable transaction costs. Subsequent to initial recognition these transaction costs are amortised to the income statement using the effective interest method

11 Share capital

	31.12.09 £	31.12.08 £
Allotted and called up		
"A" type ordinary shares of £1 each	66,666	66,666
"B" type ordinary shares of £1 each	66,666	66,666
"C" type ordinary shares of £1 each	66,666	66,666
	<u>199,998</u>	<u>199,998</u>

Two thirds of the issued share capital is owned by H I Tricomm Holdings Limited and one third by Infrastructure Investors Defence Housing (Bristol) Limited. All share capital ranks pari passu in all respects

12 Related parties

Immediate and ultimate parent undertaking

The company is a subsidiary undertaking of Invista Real Estate Investment Management Holdings plc which is incorporated in England and Wales. The smallest group in which the results of the company are consolidated is that headed by Invista Castle Limited. The consolidated financial statements of these groups may be obtained from their registered office at Exchequer Court, 33 St Mary Axe, London, EC3A 8AA. The immediate parent company is HI Tricomm Holdings Limited, a company registered in England and Wales.

The Company's ultimate parent company is Lloyds Banking Group plc, a limited liability company incorporated and domiciled in Scotland, which is also the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. Copies of the group accounts for Lloyds Banking Group plc may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN.

Balances with related parties at 31 December 2009 were as follows

	Note	31.12.09 £	31.12.08 £
Debtors			
Tricomm Housing Limited	(a)	9,371,901	9,369,129
Creditors			
Invista Castle Limited	(b)	9,371,901	9,369,129

(a) The balances at 31 December 2009 and 31 December 2008 relate to accrued interest of £171,901 (2008: £169,129) and loan balances of £9,200,000 with Tricomm Housing Limited

- (b) The balances at 31 December 2009 and 31 December 2008 relate to accrued interest of £171,901 (2008 £169,129) and loan balances of £9,200,000 with Invista Castle Limited
- (c) Subordinated debt is receivable from Tricomm Housing Limited Interest is charged at the rate of 11% per annum During 2009 interest of £1,012,000 was receivable from Tricomm Housing Limited
- (d) Subordinated debt is payable to Invista Castle Limited Interest is charged at the rate of 11% per annum During 2009 interest of £1,012,000 was payable Invista Castle Limited