

Registered in England No: 5691016

IIC ENFIELD FUNDING INVESTMENT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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IIC Enfield Funding Investment Limited

Contents

Directors' report	3
Statement of directors' responsibilities in respect of the directors' report and the financial statements	5
Independent auditors' report to the members of IIC Enfield Funding Investment Limited	6
Profit and loss account	8
Balance sheet	9
Notes to the financial statements	10

IIC Enfield Funding Investment Limited

Directors' report for the year ended 30 June 2008

The directors present their report and the audited financial statements of the company for the year ended 30 June 2008.

Principal activity and business review

The company's principal activity is that of an intermediate investment company which provides funding to IIC Enfield Subdebt Limited in the form of loan stock, which in turn provides funding in the form of loan stock to Enfield Lighting Services Limited.

The directors have reviewed the activities of the business for the period and the position as at 30 June 2008 and consider them to be satisfactory.

Results and dividends

The period under review is for the year ended 30 June 2008.

The trading results for the year under review and the company's financial position at 30 June 2008 are shown in the attached financial statements. The company made a loss during the year of £1,700 (17 month period ended 30 June 2007: £1,600) and the shareholders' funds at 30 June 2008 show a surplus of £951 (2007: £2,651).

The directors do not recommend the payment of a dividend for the year ended 30 June 2008 (17 month period ended 30 June 2007: £nil).

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the year (17 month period ended 30 June 2007: £nil).

Directors and their interests in shares of the company

The directors of the company who held office during the year and to the date of this report are listed below:

Name	Appointment date	Resignation date
A Norris		2 February 2009
J A Sullivan	2 February 2009	
T B Symes		
D Toplas		
J Trustram Eve		

None of the directors held any disclosable beneficial interests in the company at 30 June 2008 (30 June 2007: £nil), or at any time during the year.

IIC Enfield Funding Investment Limited

Directors' report for the year ended 30 June 2008 (*continued*)

Disclosure of information to auditors

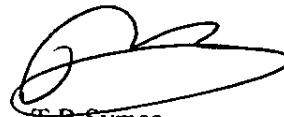
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he / she ought to have taken as a director to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

Auditors

KPMG LLP have been appointed auditors of the company for the current period and in accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint KPMG LLP as the company's auditors will be put to the forthcoming Annual General Meeting.

Registered office:
140 London Wall
London
EC2Y 5DN

By Order of the Board



T B Symes
Director

Approved by the directors on 25 February 2009.

IIC Enfield Funding Investment Limited

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 financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. They 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.

Independent auditors' report to the members of IIC Enfield Funding Investment Limited

We have audited the financial statements of IIC Enfield Funding Investment Limited for the year ended 30 June 2008 which comprises the profit and loss account, the balance sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditor's 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

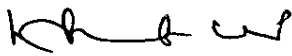
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of IIC Enfield Funding Investment Limited (*continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



KPMG LLP
Chartered Accountants
Registered Auditor

26 February 2009

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

IIC Enfield Funding Investment Limited

Profit and loss account for the year ended 30 June 2008

		2008	For the 17 month period ended 30 June 2007
	Notes	£	£
Administrative expenses		(1,700)	(1,600)
Loss on ordinary activities before taxation	2	(1,700)	(1,600)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year		(1,700)	(1,600)
Balance brought forward		(1,600)	-
Balance carried forward		(3,300)	(1,600)

All results are in respect of continuing activities.

The company has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There are no differences between the amounts reported in the profit and loss account and their historical cost equivalents.

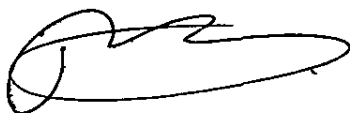
The notes on pages 10 to 15 form part of these accounts.

IIC Enfield Funding Investment Limited

Balance sheet as at 30 June 2008

	Notes	2008 £	2007 £
Fixed assets			
Investments	6	4,252	4,252
Current assets			
Debtors:			
Amounts falling due within one year	7	175	-
Creditors: amounts falling due within one year	8	(3,475)	(1,600)
Total assets less current liabilities		<u>952</u>	<u>2,652</u>
Creditors: amounts falling due after one year	9	(1)	(1)
Net assets		<u>951</u>	<u>2,651</u>
Capital and reserves			
Called up share capital	10	4,251	4,251
Profit and loss account		(3,300)	(1,600)
Equity shareholders' funds	11	<u>951</u>	<u>2,651</u>

These financial statements were approved by the board of directors on 25 February 2009 and signed on its behalf by:



T B Symes
Director

IIC Enfield Funding Investment Limited

Notes to the financial statements for the year ended 30 June 2008

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements have been prepared under the historical cost convention, the accounting policies set out below, and in accordance with applicable accounting standards.

Consolidation

The company is exempt by virtue of Section 248 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Cash flow statement

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Interest

Interest costs are expensed to profit and loss account when incurred.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Investments

Investments are stated at cost less provision for any impairment in value.

2. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2008	For the 17 month period ended 30 June 2007
	£	£
Auditors' remuneration		
- for the statutory audit of the company	1,000	1,000
- taxation services	600	600
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IIC Enfield Funding Investment Limited

Notes to the financial statements for the year ended 30 June 2008

3. Directors' remuneration

The directors received no emoluments in respect of their services to the company during the year (17 month period ended 30 June 2007: £nil).

4. Particulars of employees

The company had no employees during the year (17 month period ended 30 June 2007: no employees).

5. Tax on loss on ordinary activities

	2008	For the 17 month period ended 30 June 2007
	£	£
(a) Tax on loss on ordinary activities		
United Kingdom corporation tax	-	-

(b) Factors affecting the tax charge for the current year

The standard rate of corporation tax in the UK changed on 1 April 2008 from 30% to 28%. The average rate of 29.503% is used for the current tax charge for the year. The current tax charge for the year differs from the average rate of corporation tax of 29.503% (2007: 30%). The differences are explained below:

	2008	For the 17 month period ended 30 June 2007
	£	£
Current tax reconciliation		
Loss on ordinary activities before tax	(1,700)	(1,600)
Current tax at 29.503% (2007: 30%)	(502)	(480)
Effects of:		
Expenses not deductible for tax purposes	30	-
Losses carried forward	472	480
Total current tax charge	-	-

(c) Factors that may affect future tax charges

The effective rate of taxation will vary as a result of losses carried forward to offset future profits.

IIC Enfield Funding Investment Limited

Notes to the financial statements for the year ended 30 June 2008

6. Investments

	2008 £	2007 £
Loan stock in:		
IIC Enfield Subdebt Limited		
- Loan stock part paid	1	1
Equity investment in:		
IIC Enfield Subdebt Limited		
- 1 £1 ordinary share representing 100% of issued share capital of the company	1	1
IIC Enfield Holding Company Limited		
- 4,250 £1 ordinary shares representing 20% of issued share capital of the company	4,250	4,250
	4,252	4,252

IIC Enfield Subdebt Limited is a company registered in England and Wales and its principal activity is that of an intermediate investment company. IIC Enfield Subdebt Limited ultimately invests, in the form of loan stock, in Enfield Lighting Services Limited, which is involved in the design, installation, operation (including the procurement of energy), maintenance and financing of new, refurbished and existing public street lighting, associated equipment and apparatus with the London Borough of Enfield.

The loan stock in IIC Enfield Subdebt Limited bears a coupon rate of 11.85% from 6 May 2012. No interest is chargeable prior to this date.

IIC Enfield Holding Company Limited is a company registered in England and Wales and its principal activity is that of a holding company of Enfield Lighting Services Limited.

There were no equity returns during the year (17 month period ended 30 June 2007: £nil).

IIC Enfield Funding Investment Limited

Notes to the financial statements for the period ended 30 June 2008

6. Investments (*continued*)

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so. Therefore, information about the investments as individual entities is shown below:

	2008 £	2007 £
Aggregate capital and reserves		
IIC Enfield Subdebt Limited	(3,200)	(1,600)
IIC Enfield Holding Company Limited	<u>21,249</u>	<u>21,249</u>
Profit and loss for the year		
IIC Enfield Subdebt Limited	(1,600)	(1,601)
IIC Enfield Holding Company Limited	<u>-</u>	<u>(2)</u>

The aggregate capital and reserves of IIC Enfield Subdebt Limited show a deficit of £3,200 (2007: £1,600). No provision has been made against the carrying value of the investment as the directors believe that the financial position of IIC Enfield Subdebt Limited will strengthen in the future and long term profitability is expected. In addition, the directors believe that IIC Enfield Subdebt Limited will return to a net asset position through the receipt of interest on its loan stock investment in Enfield Lighting Services Limited.

7. Debtors: amounts falling due within one year

	2008 £	2007 £
Other debtors	<u>175</u>	<u>-</u>

8. Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	3,135	
Other creditors	<u>340</u>	<u>1,600</u>
	<u>3,475</u>	<u>1,600</u>

IIC Enfield Funding Investment Limited

Notes to the financial statements for the period ended 30 June 2008

9. Creditors: amounts falling due after one year

	2008	2007
	£	£
Loan stock	1	1

	2008	2007
	£	£
Debt can be analysed as falling due as follows:		
In five years or more	1	1

On 21 April 2006, the company issued £2,400,000 of fixed rate unsecured subordinated loan stock due in 2031 part paid at the amount of £1. The loan stock is subscribed for by Investors in the Community Fund II LP but has been issued to and held by its nominee, IIC II Nominees Limited. The loan stock bears a coupon rate of 11.75% from 6 May 2012. No interest is chargeable prior to this date.

10. Share capital

Authorised share capital:	Number	2008 £	Number	2007 £
Ordinary shares of £1 each	4,251	4,251	4,251	4,251
Allotted, called up and fully paid:				
		2008 £		2007 £
Ordinary shares of £1 each	4,251	4,251	4,251	4,251

The company's share capital is divided between 4,250 Ordinary shares and 1 "D" Ordinary share. All these shares rank pari passu to each other.

IIC Enfield Funding Investment Limited

Notes to the financial statements for the year ended 30 June 2008

11. Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Opening shareholders' funds	2,651	-
Loss for the year	(1,700)	(1,600)
Issue of share capital	-	4,251
Closing shareholders' funds	<u>951</u>	<u>2,651</u>

12. Related party transactions

During the year, the company had transactions in the ordinary course of business and on an arms length basis with entities which are related parties. Details of these transactions are set out below:

Related party	Relationship	Class of transaction	Debtor / (creditor) 2008 £	Debtor / (creditor) 2007 £
IIC II Nominees Limited	100% loan stock holder for and on behalf of Investors in the Community Fund II LP	Loan stock of £2,400,000 part paid	(1)	(1)
IIC Enfield Subdebt Limited	100% loan stock investment	Loan stock of £2,400,000 part paid	1	1
Investors in the Community (GP) II Limited	Ultimate controlling party	Intercompany current account	(240)	-
Investors in the Community Fund II LP	100% loan stock holder via IIC II Nominees Limited	Intercompany current account	(100)	-

13. Ultimate controlling party

The ultimate parent company is Mill Group UK Holdings Limited which is incorporated in the British Virgin Islands.

The company is under the ultimate control of Investors in Community (GP) II Limited which is incorporated in England and Wales.