

Registered in England No: 5935959

**IIC MILES PLATTING FUNDING INVESTMENT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

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IIC Miles Platting 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 Miles Platting Funding Investment Limited	6
Profit and loss account	8
Balance sheet	9
Notes to the financial statements	10

IIC Miles Platting Funding Investment Limited

Directors' report for the period ended 30 June 2007

The directors present their report and the audited financial statements of the company for the ten month period ended 30 June 2007. The company was incorporated on 14 September 2006 with the initial accounting period ending 30 September 2007. The accounting period was subsequently changed to 30 June.

Principal activity and business review

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

The directors have reviewed the activities of the business for the period and the position as at 30 June 2007 and consider them to be satisfactory.

Results and dividends

The period under review is for the 10 month period to 30 June 2007.

The trading results for the period under review and the company's financial position at 30 June 2007 are shown in the attached financial statements. The company made a loss during the period of £12,416 and the shareholders' funds at 30 June 2007 show a deficit of £8,416.

The directors do not recommend the payment of a dividend for the period ended 30 June 2007.

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the period.

Going concern

At 30 June 2007 the company's balance sheet shows net liabilities of £8,416. The financial statements are prepared on a going concern basis as the company's management believes that it will be able to meet all of its liabilities as and when they fall due based on the financial support letter provided by Investors in the Community Fund II LP, which holds the beneficial interest in the company via IIC II Nominees Limited.

IIC Miles Platting Funding Investment Limited

Directors' report for the period ended 30 June 2007 (*continued*)

Directors and their interests in shares of the company

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

Name	Appointment date	Resignation date
A C Norris	18 September 2006	
T B Symes	14 September 2006	
D H S Toplas	18 September 2006	
D J R Trustam Eve	18 September 2006	
D M Eilbeck	18 September 2006	1 May 2007

None of the directors held any disclosable beneficial interests in the company at 30 June 2007, or at any time during the period

Disclosure of information to auditors

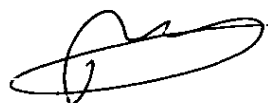
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he / she ought to have taken as a director to 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 8 February 2008

IIC Miles Platting 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.

6

IIC Miles Platting Funding Investment Limited

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

We have audited the financial statements of IIC Miles Platting Funding Investment Limited for the period ended 30 June 2007 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.

IIC Miles Platting Funding Investment Limited

Independent auditors' report to the members of IIC Miles Platting 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 2007 and of its loss for the period 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

KPMG LLP
Chartered Accountants
Registered Auditor

12 February 2008

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

IIC Miles Platting Funding Investment Limited

Profit and loss account for the period ended 30 June 2007

	Notes	For the 10 month period ended 30 June 2007 £
Administrative expenses		(1,709)
Operating loss	2	(1,709)
Interest receivable	5	69,364
Interest payable and similar charges	6	(80,071)
Loss on ordinary activities before taxation		(12,416)
Tax on loss on ordinary activities	7	-
Loss for the financial period		(12,416)
Balance brought forward		-
Balance carried forward		(12,416)

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 17 form part of these accounts.

IIC Miles Platting Funding Investment Limited

Balance sheet as at 30 June 2007

		2007
	Notes	£
Fixed assets		
Investments	8	<u>4,076,072</u>
Current assets		
Debtors:		
Amounts falling due within one year		120,292
Creditors: amounts falling due within one year	9	<u>(78,405)</u>
Net current assets		<u>41,887</u>
Total assets less current liabilities		4,117,959
Creditors: amounts falling due after one year	10	<u>(4,126,375)</u>
Net liabilities		<u>(8,416)</u>
Capital and reserves		
Called up share capital	11	4,000
Profit and loss account		<u>(12,416)</u>
Equity shareholders' deficit	12	<u>(8,416)</u>

These financial statements were approved by the board of directors on 8 February 2008 and signed on its behalf by



T B Symes
Director

IIC Miles Platting Funding Investment Limited

Notes to the financial statements for the period ended 30 June 2007

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

At 30 June 2007 the company's balance sheet shows net liabilities of £8,416. The financial statements are prepared on a going concern basis as the company's management believes that it will be able to meet all of its liabilities as and when they fall due based on the financial support letter provided by Investors in the Community Fund II LP, which holds the beneficial interest in the company via IIC II Nominees Limited. The company will return to a net asset position through the receipt of interest on its loan stock investment in IIC Miles Platting Subdebt Limited (refer to note 8).

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.

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.

IIC Miles Platting Funding Investment Limited

Notes to the financial statements for the period ended 30 June 2007

2. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	For the 10 month period ended 30 June 2007 £
Auditors' remuneration	
- as auditors	1,000
- taxation services	600
	<hr/> <hr/>

3. Directors' remuneration

The directors received no emoluments in respect of their services to the company during the period

4. Particulars of employees

The company had no employees during the period

5. Interest receivable

	For the 10 month period ended 30 June 2007 £
Interest receivable on loan stock	64,098
Loan issue costs receivable	580
Bank interest receivable	4,686
	<hr/> <hr/>
	69,364

6. Interest payable and similar charges

	For the 10 month period ended 30 June 2007 £
Bank interest payable	75,673
Bank fees paid	1,131
Amortisation of issue costs	3,267
	<hr/> <hr/>
	80,071

IIC Miles Platting Funding Investment Limited

Notes to the financial statements for the period ended 30 June 2007

7. Tax on loss on ordinary activities

For the 10 month
period ended
30 June 2007
£

(a) Tax on loss on ordinary activities

United Kingdom corporation tax at 30%

-

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

The current tax charge for the period differs from the standard rate of corporation tax in the UK of 30%. The differences are explained below

For the 10 month
period ended
30 June 2007
£

Current tax reconciliation

Loss on ordinary activities before tax

(12,416)

Current tax at 30%

(3,725)

Effects of

Losses carried forward at 30%

3,725

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. As at 1 April 2008 the UK corporation tax rate will be reduced from 30% to 28%.

IIC Miles Platting Funding Investment Limited

Notes to the financial statements for the period ended 30 June 2007

8. Investments

	2007 £
Loan stock in:	
IIC Miles Platting Subdebt Limited	
- Loan stock part paid	4,133,398
- Less issue costs receivable	(61,327)
	<hr/> 4,072,071
Equity investment in:	
IIC Miles Platting Subdebt Limited	
- 1 £1 ordinary share representing 100% of issued share capital of the company	1
IIC Miles Platting Equity Limited	
- 4,000 £1 ordinary shares representing 20% of issued share capital of the company	4,000
	<hr/> 4,076,072 <hr/>

IIC Miles Platting Subdebt Limited is a company registered in England and Wales and its principal activity is that of an intermediate investment company. IIC Miles Platting Subdebt Limited ultimately invests, in the form of loan stock, in Renaissance Miles Platting Limited, which is involved in the refurbishment, construction, demolition and facilities management operation of a number of Council properties under a private finance initiative ("PFI") with Manchester City Council over a 30 year concession period. The construction phase of the project is expected to complete on 21 March 2012.

The loan stock has an interest rate of 5.55% during the construction stage of Renaissance Miles Platting Limited's project and 12.9% during its operations stage.

IIC Miles Platting Equity Limited is a company registered in England and Wales and its principal activity is that of a holding company of Renaissance Miles Platting Holding Company Limited, which in turn is the holding company of Renaissance Miles Platting Limited.

There were no equity returns during the period.

IIC Miles Platting Funding Investment Limited

Notes to the financial statements for the period ended 30 June 2007

8. 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

	2007 £
Aggregate capital and reserves	
IIC Miles Platting Subdebt Limited	(1,598)
IIC Miles Platting Equity Limited	20,001
	<hr/>
Loss for the year	
IIC Miles Platting Subdebt Limited	(1,600)
IIC Miles Platting Equity Limited	-
	<hr/>

9. Debtors

	2007 £
Amounts falling due within one year:	
Trade debtors	60,000
Other debtors	563
Prepayments and accrued income	59,729
	<hr/>
Total debtors	120,292
	<hr/>

IIC Miles Platting Funding Investment Limited

Notes to the financial statements for the period ended 30 June 2007

10. Creditors: amounts falling due within one year

	2007 £
Other creditors	1
Accruals	78,404
	<hr/>
	78,405
	<hr/>

11. Creditors: amounts falling due after one year

	2007 £
Term loan	4,183,107
Loan stock	1
	<hr/>
	4,183,108
Issue costs	(56,733)
	<hr/>
	4,126,375
	<hr/>

The company has undrawn committed borrowing facilities of £1,816,893 expiring on 31 July 2012 on the term loan facility

The term loan has a variable interest rate of LIBOR plus a margin of 0.5%

The term loan is secured, in favour of the Sumitomo Mitsui Banking Corporation Europe Limited, over all assets of the company. There is also a legal mortgage of shares in the company owned by shareholders in favour of Sumitomo Mitsui Banking Corporation Europe Limited as security for the payment of all obligations and liabilities owed by the company to the bank.

On 22 March 2007, the company issued £6,000,000 of fixed rate unsecured subordinated loan stock due in 2036 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 has an interest rate of 5.55% during the construction stage of Renaissance Miles Platting Limited's project and 12.8% during its operations stage.

IIC Miles Platting Funding Investment Limited

Notes to the financial statements For the period ended 30 June 2007

11. Creditors: amounts falling due after one year (*continued*)

	2007 £
Debt can be analysed as falling due as follows	
In five years or more	4,183,108
	<hr/>
	4,183,108
Issue costs	(56,733)
	<hr/>
	4,126,375
	<hr/> <hr/>

12. Share capital

Authorised share capital:	2007 £
Number	
Ordinary shares of £1 each	4,001
	<hr/> <hr/>

Allotted, called up and fully paid:	2007 £
Ordinary shares of £1 each issued during the period	4,000
	<hr/> <hr/>

13. Reconciliation of movements in shareholders' funds

	2007 £
Loss for the period	(12,416)
Issue of share capital	4,000
	<hr/>
Closing shareholders' deficit	(8,416)
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IIC Miles Platting Funding Investment Limited

Notes to the financial statements For the period ended 30 June 2007

14. Related party transactions

During the period, 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	Income/ (Expenditure) 2007 £	Debtor/ (Creditor) 2007 £
IIC II Nominees Limited	100% loan stock subscriber	Loan stock of £6,000,000 partly paid to £1	-	(1)
IIC Miles Platting Subdebt Limited	100% loan stock investment	Loan stock of £6,000,000 partly paid to £4,127,123 plus interest receivable	64,098	4,191,222
		Issue costs receivable	-	61,907
		Intercompany current account	-	(1)

15. 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.