Registered number: 4175670

TELEREAL 112 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

TELEREAL 112 LIMITED

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TELEREAL 112 LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2016

The directors present their strategic report on Telereal 112 Limited ("the company") for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company's main objective is to deliver value to its shareholders from its holding and leasing of specialised and general purpose properties.

In the year ended 31 March 2016, the company generated turnover of £17,171,000 (2015: £16,301,000) from the leasing of properties primarily to BritishTelecommunications PLC ("BT"), the increase in turnover largely driven by rental increases linked to indexation and one-off dilapidation claims.

At the end of the year an internal revaluation was carried out on the freehold and valuable leasehold properties and the carrying value of these properties was £182,631,000 (2015: £174,684,000), an increase of £7,947,000. The net movement in the Statement of Comprehensive Income for the revaluation of investment properties equated to a gain of £10,719,000 (2015: £6,734,000). Disposals of investment properties in the year resulted in a profit of £354,000 (2015: £87,000).

Profit before taxation for the year was £27,473,000 (2015: £22,055,000) and the profit for the financial year was £26,110,000 (2015: £20,632,000).

During the year the company made scheduled repayments to Telereal Secured Finance PLC ("the Issuer") of £13,207,000 (2015: £12,168,000). It also received scheduled repayments of £3,908,000 (2015: £3,602,000) on loans issued to other group entities.

Total equity at 31 March 2016 was £125,456,000 (2015: £104,352,000) and the company's financial position is considered satisfactory.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk facing the company is that it relies primarily on one customer, BT, for its income. There is a risk that BT may become insolvent in the future, resulting in a significant drop in income. The directors consider that the risk of BT becoming insolvent is low owing to the nature of the regulatory controls under which the company operates. In the unlikely event that BT became insolvent, it is probable that the government would appoint another operator to fulfil BT's obligations. In those circumstances, it is likely that the new operator would take over a large proportion of the leases previously held by BT with the company. The directors will also monitor the performance of BT and act accordingly to mitigate this risk.

The company is exposed to tax risks resulting from changes in tax legislation and the interpretation of tax legislation, which may expose the company to a reduction in post-tax income. The tax affairs of the company are in good order and the directors and senior management of the company are committed to maintaining an open and transparent dialogue with HM Revenue & Customs.

The directors do not believe that there are any other significant risks and uncertainties to disclose.

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2016

FINANCIAL KEY PERFORMANCE INDICATORS

The key performance indicators of the company are set out below:

- To create sustainable returns for shareholders through:
    - Delivering efficiencies and using our scale more effectively
    - Improving working capital management and cash generation;

- To promote responsibility to achieve the highest practicable standards of health and safety and minimise the impact of our activities on the environment.

The company has achieved sustainable returns to shareholders by providing a return on their investment through the payment of dividends while continuing to maintain a healthy working capital position. The company also continues to maintain the highest practicable standards of health and safety supported by external benchmarking and accreditation, including Occupational Health and Safety Assessment Series (OHSAS) 18001 certification.

This report was approved by the board on 0 5 AUG 2016 and signed on its behalf.

Aaron Burns
Company secretary

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and the audited financial statements for the year ended 31 March 2016.

DIVIDENDS

The company paid dividends to the shareholders of £5,006,000 (2015: £6,663,000).

DIRECTORS

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

Adam Dakin
Graham Edwards
Russell Gurnhill
Graeme Hunter (appointed 19 November 2015)
Warren Persky

FUTURE DEVELOPMENTS

The directors do not anticipate any significant change to the current activity in the foreseeable future.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

Qualifying third party indemnity provisions, commonly known as Directors and Officers insurance (as defined by section 234 of the Companies Act 2006), in relation to certain losses and liabilities which the directors may incur (or have incurred) to third parties in the course of their professional duties, were in force for the directors for their periods of directorship and at the date of this report.

MATTERS COVERED IN THE STRATEGIC REPORT

Details of principal activites, review of business and financial risk management can be found on page 1 in the Strategic Report and form part of this report by cross-reference.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102").

Under Company law the directors must not approve the audited financial statements unless they are satisfied that they 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the board on 0 5 AUG 2016 and signed on its behalf.

Aaron Burns
Company secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TELEREAL 112 LIMITED

Report on the financial statements

Our opinion

In our opinion, Telereal 112 Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 March 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TELEREAL 112 LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Director's Responsibilities 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Suzanne Woolfson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

0 5 AUG 2016

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £000	2015 £000
Turnover	3	17,171	16,301
Operating costs		(193)	(219)
Net valuation movements on investment properties (including profit and losses on disposal)	4	11,073	6,821
Operating profit		28,051	22,903
Interest receivable and similar income	7	9,583	9,756
Interest payable and expenses	8	(10,161)	(10,604)
Profit before tax on ordinary activities		27,473	22,055
Tax on profit on ordinary activities	9	(1,363)	(1,423)
Profit for the year and total comprehensive income for the year		26,110	20,632

The notes on pages 10 to 25 form part of these financial statements.

TELEREAL 112 LIMITED
REGISTERED NUMBER:4175670

BALANCE SHEET
AS AT 31 MARCH 2016

	Note		2016 £000		2015 £000
Fixed assets					
Investment property	10		182,631		174,684
			182,631		174,684
Current assets					
Debtors: amounts falling due after more than one year	11	205,717		209,460	
Debtors: amounts falling due within one year	11	4,999		5,162	
Cash at bank and in hand		3,475		5,157	
		214,191		219,779	
Creditors: amounts falling due within one year	12	(17,596)		(22,021)	
Net current assets			196,595		197,758
Total assets less current liabilities			379,226		372,442
Creditors: amounts falling due after more than one year	13		(224,724)		(237,189)
Provisions for liabilities					
Deferred tax	15	(29,046)		(30,901)	
			(29,046)		(30,901)
Net assets			125,456		104,352
Capital and reserves					
Called up share capital	16		-		-
Retained earnings			125,456		104,352
Total equity			125,456		104,352

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

0 5 AUG 2016

Warren Persky

Warren Persky
Director

Russell Gurnhill
Director

The notes on pages 10 to 25 form part of these financial statements.

TELEREAL 112 LIMITED

STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2016

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 April 2015	-	104,352	104,352
Comprehensive income for the year			
Profit for the year	-	26,110	26,110
Total comprehensive income for the year	-	26,110	26,110
Contributions by and distributions to owners			
Dividends	-	(5,006)	(5,006)
Total transactions with owners	-	(5,006)	(5,006)
At 31 March 2016	-	125,456	125,456

STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2015

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 April 2014	-	90,383	90,383
Comprehensive income for the year			
Profit for the year	-	20,632	20,632
Total comprehensive income for the year	-	20,632	20,632
Contributions by and distributions to owners			
Dividends	-	(6,663)	(6,663)
Total transactions with owners	-	(6,663)	(6,663)
At 31 March 2015	-	104,352	104,352

The notes on pages 10 to 25 form part of these financial statements.

1. ACCOUNTING POLICIES

General information

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of the company's registered office, which is also the company's principal place of business is provided in note 20. The principal activities of the company are described in the Strategic Report on page 1.

Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in compliance with the Companies Act 2006 and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). These financial statements are the first financial statements that comply with FRS 102 and the transition date is 1 April 2014. Details of the impact of first-time adoption of FRS 102, including the accounting policies affected by such changes, are disclosed in note 21.

The financial statements have been prepared in Sterling (rounded to the nearest thousand pounds), which is the functional and presentational currency of the company.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

Disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

(i) preparation of a statement of cash flows in accordance with paragraph 1.12 (b) of FRS 102, on the basis that it is a qualifying entity and a parent company includes the company's cash flows in its own consolidated financial statements; and

(ii) certain financial instrument disclosures in accordance with paragraph 1.12 (c) of FRS 102, on the basis the equivalent disclosures are included in a parent company's own consolidated financial statements.

This information is included in the consolidated financial statements of Telereal 112 Investments Limited as at 31 March 2016.

The following principal accounting policies have been applied consistently to all years presented unless stated otherwise:

Revenue

Rental income is recognised in the Statement of Comprehensive Income on an accruals basis. The rental income from certain properties is increased each year by a pre-determined indexation factor. Such increases are accounted for from the date when they become effective. Lease incentives are recognised on a straight line basis over the lease term.

Service charge income is accounted for on the accruals basis in the period to which it relates.

Expenses

Property and contract expenditure is expensed as incurred on an accruals basis.

1. ACCOUNTING POLICIES (continued)

Finance costs

Interest payable predominantly arises from the company's fixed rate loans due to the Issuer. Interest receivable is largely from loans made to fellow group undertakings.

Interest receivable and payable are recognised in the Statement of Comprehensive Income to achieve a constant rate on the carrying amount of the debt, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument.

The application of this method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

Current and deferred taxation

Tax is recognised in profit for the financial year, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

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

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

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

Dividends

Dividend distributions to the company's shareholders are recognised as a liability in the period in which the dividends are approved by the company's shareholders or, in the case of interim dividends, when they are paid.

1. ACCOUNTING POLICIES (continued)

Investment property

Investment properties are those properties that are held either to earn rental income or for capital appreciation, or both. Investment properties are measured initially at cost including transaction costs.

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

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

Financial instruments

(i) Financial assets

Basic financial assets, including trade and other receivables, cash at bank and in hand and amounts due from group undertakings, are recognised initially at transaction price, unless the transaction constitutes a financing arrangement, e.g. significantly deferred credit terms, where the transaction is measured at the present value of future receipts discounted at the market rate of interest. Such assets are held at amortised cost using the effective interest rate method.

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

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

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of the ownership of the asset are transferred to another party, or control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and amounts due to group undertakings, are recognised initially at transaction price, unless the transaction constitutes a financing arrangement, where the debt instrument is measured at the present value of future payments discounted at the market rate of interest. Such liabilities are held at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts payable, are subsequently carried at amortised cost, using the effective interest method.

Debt instruments that are payable or receivable within one year, typically trade payables are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting
Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Revenue recognition - deferral
The company recognises revenue on both the unitary charge and capital project revenue streams by reference to the stage of completion of the specific transaction. Judgements on are made in assesing the stage of completion with reference to costs incurred to date compared to costs expected and historical performance of similar transactions.

Trade receivables
The company reviews trade receivables and makes judgements on the recoverability of these receivables with reference to the age of outstanding amounts, credit status of the counterparty and the status of any outstanding dispute.

3. ANALYSIS OF TURNOVER

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

	2016 £000	2015 £000
Rental income	8,171	7,301
Supplementary service charges	9,000	9,000
	17,171	16,301

All turnover arose within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

4. NET VALUATION MOVEMENTS ON INVESTMENT PROPERTIES

	2016 £000	2015 £000
Profit on disposal of tangible assets	354	87
Revaluation of investment properties	10,719	6,734
	11,073	6,821

5. AUDITORS' REMUNERATION

	2016 £000	2015 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	18	15
	18	15

The audit fee was borne on the company's behalf by Telereal Services Limited, a fellow group undertaking.

6. DIRECTORS' EMOLUMENTS

	2016 £000	2015 £000
Aggregate emoluments excluding long-term incentive schemes	60	72
Aggregate amounts receivable under long-term incentive schemes	594	602
Payments to defined contribution pension schemes	6	5
	660	679

Retirement benefits are accruing to four (2015: four) directors under a defined contribution scheme and one (2015: none) director under a defined benefit scheme.

The highest paid director received remuneration of £272,000 (2015: £291,000). The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director was £1,000 (2015: £1,000).

The emoluments were paid and borne by Telereal Services Limited, Telereal Telecom Services Limited and Trillium Property Services Limited, fellow group undertakings.

The company has no employees other than the directors (2015: nil).

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £000	2015 £000
Interest receivable from group companies	9,544	9,716
Other interest receivable	39	40
	9,583	9,756

8. INTEREST PAYABLE AND EXPENSES

	2016 £000	2015 £000
Term advances from the Issuer	9,883	10,389
Loans from group undertakings	9	60
Other interest payable	269	155
	10,161	10,604

9. TAXATION

	2016 £000	2015 £000
CORPORATION TAX		
Current tax on profits for the year	3,217	3,212
Adjustments in respect of previous periods	1	(192)
	3,218	3,020
TOTAL CURRENT TAX	3,218	3,020
DEFERRED TAX		
Origination and reversal of timing differences	(1,855)	(1,597)
TOTAL DEFERRED TAX	(1,855)	(1,597)
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	1,363	1,423

9. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	27,473	22,055
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	5,495	4,632
EFFECTS OF:		
FRS 102 adjustments	(10)	13
Adjustments to tax charge in respect of prior periods	1	(192)
Non-taxable income	(53)	-
Profit on disposal of property	(71)	(18)
Property revaluations	(2,144)	(1,415)
Deferred tax on property revaluations	(1,855)	(1,597)
TOTAL TAX CHARGE FOR THE YEAR	1,363	1,423

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The draft 2016 Finance Bill proposes the following future corporation tax rates:

(1) For the years ending 31 March 2018, 2019 and 2020, the main rate of corporation tax will be 19%.
(2) For the year ending 31 March 2021, the main rate of corporation tax will be 17%.

10. INVESTMENT PROPERTY

	Freehold investment property £000	Leasehold investment property £000	Total £000
VALUATION			
At 1 April 2015	118,259	56,425	174,684
Additions at cost	37	3	40
Disposals	(2,812)	-	(2,812)
Surplus on revaluation	8,114	2,605	10,719
At 31 March 2016	123,598	59,033	182,631

The fair value of the company's investment properties at 31 March 2016 has been arrived at on the basis of a valuation carried out at that date by CB Richard Ellis, independent valuers. The valuation by CB Richard Ellis, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices of similar properties.

At 31 March 2015, the entire portfolio was revalued internally by a chartered surveyor who is a member of Royal Institution of Chartered Surveyors (RICS). The valuations are prepared in accordance with the valuation principles of the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

The next independent valuation is due to take place on 31 March 2021.

11. DEBTORS

	2016 £000	2015 £000
DUE AFTER MORE THAN ONE YEAR		
Group loans (note 18)	205,694	209,436
Prepayments and accrued income	23	24
	205,717	209,460

	2016 £000	2015 £000
DUE WITHIN ONE YEAR		
Trade debtors	47	87
Amounts owed by group undertakings	664	613
Prepayments and accrued income	546	553
Group loans (note 18)	3,742	3,909
	4,999	5,162

Trade debtors are stated after provisions for impairment of £5,000 (2015: £13,000).

Security has been granted over certain cash flows of Telereal Services Limited, supporting other group loans totalling £70,686,000 (2015: £74,595,000). Other group loans are unsecured and interest is charged at a fixed rate of 4.51% per annum (2015: 4.51% per annum).

Amounts owed by group undertakings are unsecured and payable on demand. Interest was charged on these balances at LIBOR plus 3.0% per annum (2015: LIBOR plus 3.0% per annum).

The maturity profile of the carrying amount of the company's long term debtors, receivable by instalments, is as follows:

	2016 £000	2015 £000
More than 1 year but not more than 2 years	2,909	3,748
More than 2 years but not more than 5 years	10,101	9,399
More than 5 years	192,707	196,313
	205,717	209,460

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

12. CREDITORS: Amounts falling due within one year

	2016 £000	2015 £000
Term advances payable to the Issuer (note 14)	12,465	13,017
Trade creditors	1,504	328
Amounts owed to group undertakings	1,062	6,638
Corporation tax	582	896
VAT payable	968	507
Other creditors	65	57
Accruals and deferred income	950	578
	17,596	22,021

Amounts owed to group undertakings are unsecured and payable on demand. Interest was paid on these balances at LIBOR plus 3.0% per annum (2015: LIBOR plus 3.0% per annum).

Term advances payable to the Issuer are amounts due to Telereal Secured Finance PLC at a fixed interest rate of 4.01% per annum (2015: 4.01% per annum) (see note 13 for further details).

13. CREDITORS: Amounts falling due after more than one year

	2016 £000	2015 £000
Term advances payable to the Issuer (note 14)	224,724	237,189
	224,724	237,189

Secured loans

Term advances payable to the Issuer are loan amounts due to Telereal Secured Finance PLC. Interest accrues on the loan at a fixed rate of 4.01% per annum, payable quarterly in arrears. The capital amounts of the loan are also repaid quarterly in arrears with a final maturity date of December 2033. Under the terms of the Borrower Deed of Charge, security is granted for the term advances to the Borrower Security Trustee on trust by way of a fixed charge on the freehold and leasehold properties of the company.

14. LOANS AND BORROWINGS

	2016 £000	2015 £000
Term advances payable to the Issuer (note 18)	238,832	252,039
less: unamortised issue costs	(1,643)	(1,833)
	237,189	250,206

The maturity profile of the gross amount of the company's loans and borrowings is as follows:

	2016 £000	2015 £000
Maturity profile		
Within one year	12,645	13,207
More than 1 year but not more than 2 years	9,806	12,645
More than 2 years but not more than 5 years	34,074	31,706
More than 5 years	182,307	194,481
	238,832	252,039

15. DEFERRED TAXATION

	Deferred tax
	£000
At 1 April 2015	(30,901)
Charged to the profit or loss	1,855
At 31 March 2016	(29,046)

The provision for deferred taxation is made up as follows:

	2016	2015
	£000	£000
Tax on property revaluations	(29,046)	(30,901)

16. SHARE CAPITAL

	2016	2015
	£	£
Allotted, called up and fully paid		
100 (2015: 100) Ordinary shares of £1 each	100	100

17. DIVIDENDS

	2016	2015
	£000	£000
£50,060 per share (2015: £66,630 per share)	5,006	6,663

18. RELATED PARTY TRANSACTIONS

Except for those disclosed in other notes, the company had the following related party transactions:

	2016 £000	2015 £000
Interest payable to/(from)		
Group companies	(9,535)	(9,656)
Related parties	9,883	10,389
	348	733
Management fees incurred		
Group companies	108	108
Related parties	-	-
	108	108
Loans outstanding to/(from)		
Group companies	(209,436)	(213,345)
Related parties	238,832	252,039
	29,396	38,694
Other amounts owed to/(from) related parties at year end		
Group companies	398	6,025
Related parties	-	-
	398	6,025

At 31 March 2016 and 31 March 2015 the amounts included above, in respect of related parties and fellow group undertakings, relate to:

Telereal General Property Limited Partnership
Amberglow Services Holdings Limited
Telereal 112 Property Limited
Telereal 112 Investments Limited
Telereal Sec Prop Limited Partnership
Telereal Secured Finance Holdings Limited
Telereal Secured Finance PLC
Telereal Services Limited
Telereal Trading Property Limited
Terrace GP LP Limited
Trillium Holdings Limited
Trillium Property Services Limited
Trillium Trading Property Limited
Flagstaff 3 Limited

19. OPERATING LEASE COMMITMENTS

At 31 March 2016 the company had future minimum commitments for land and buildings under non-cancellable operating leases as follows:

	2016 £000	2015 £000
EXPIRY DATE:		
Not later than 1 year	1	1
Later than 1 year and not later than 5 years	2	2
Later than 5 years	7	7
Total	10	10

20. CONTROLLING PARTY

Telereal 112 Limited is a wholly owned subsidiary of Telereal 112 Holdings Limited, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party is Field Nominees Limited (incorporated in Bermuda), as nominee for the B Pears 1967 Family Trust.

The smallest parent undertaking to consolidate the results of the company is Telereal 112 Investments Limited, which is incorporated in England and Wales.

The largest parent undertaking to consolidate these financial statements is Tele-Finance Holdings Limited, which is incorporated in the British Virgin Islands.

The annual report and accounts of Telereal 112 Investments Limited may be obtained from the Company Secretary, 140 London Wall, London, EC2Y 5DN, which is also the registered office and principal place of business of Telereal 112 Limited.

21. FIRST TIME ADOPTION OF FRS 102

This is the first year the company has presented its results under FRS 102. The last financial statements under the previous UK GAAP were for the year ended 31 March 2015. The date of transation to FRS 102 was 1 April 2014. Set out below are the changes in accounting policies which reconcile the profit for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102.

	Note	As previously stated 1 April 2014 £000	Effect of transition 1 April 2014 £000	FRS 102 (as restated) 1 April 2014 £000	As previously stated 31 March 2015 £000	Effect of transition 31 March 2015 £000	FRS 102 (as restated) 31 March 2015 £000
Fixed assets		169,049	-	169,049	174,684	-	174,684
Current assets	1	224,978	14	224,992	219,826	(47)	219,779
Creditors: amounts falling due within one year		(20,955)	-	(20,955)	(22,021)	-	(22,021)
NET CURRENT ASSETS		204,023	14	204,037	197,805	(47)	197,758
TOTAL ASSETS LESS CURRENT LIABILITIES		373,072	14	373,086	372,489	(47)	372,442
Creditors: amounts falling due after more than one year		(250,205)	-	(250,205)	(237,189)	-	(237,189)
Provisions for liabilities	4	-	(32,498)	(32,498)	-	(30,901)	(30,901)
NET ASSETS		122,867	(32,484)	90,383	135,300	(30,948)	104,352
Net equity		122,867	(32,484)	90,383	135,300	(30,948)	104,352

21. FIRST TIME ADOPTION OF FRS 102 (continued)

	Note	As previously stated 31 March 2015 £000	Effect of transition 31 March 2015 £000	FRS 102 (as restated) 31 March 2015 £000
Turnover	1	16,362	(61)	16,301
		16,362	(61)	16,301
Operating costs	2	(645)	426	(219)
Net valuation movements on investment properties (including profit and losses on disposal)	3	87	6,734	6,821
OPERATING PROFIT		15,804	7,099	22,903
Interest receivable and similar income		9,756	-	9,756
Interest payable and similar charges		(10,604)	-	(10,604)
Taxation	4	(3,020)	1,597	(1,423)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR		11,936	8,696	20,632

Explanation of changes to previously reported profit and equity:

1 The cost of lease incentives, such as rent free periods, are now amortised over the term of the leases concerned rather than over the period to the first contractual review of market rents or break date.

2 Reversal of depreciation previously recognised on short term leasehold investment property.

3 The reclassification of movements in investment property valuations from a separate revaluation reserve to the Statement of Comprehensive Income. The adjustment also includes the impact of the non-depreciation of short leasehold properties. Net equity is unaffected by this change.

4 Provision for deferred taxation on investment property revaluations.