Registered number: 4222524

# TELEREAL DEVELOPMENTS LIMITED

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2016

TELEREAL DEVELOPMENTS LIMITED

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## 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.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006. They have also taken advantage of the exemptions provided by section 414A of the Companies Act 2006 in not preparing a Strategic Report.

### Directors

The directors who served during the year and up to the date of signing the 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.

### Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 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 for the company financial statements 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 the of 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.

### 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.

TELEREAL DEVELOPMENTS LIMITED

**DIRECTORS' REPORT**
**FOR THE YEAR ENDED 31 MARCH 2016**

**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 30 SEP 2016 and signed on its behalf.

**Aaron Burns**
Company secretary

TELEREAL DEVELOPMENTS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TELEREAL DEVELOPMENTS LIMITED

### Report on the financial statements

**Our opinion**

In our opinion, Telereal Developments 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 applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**What we have audited**

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

- the Statement of Financial Position as at 31 March 2016;
- the Statement of Comprehensive Income 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) as applicable to Smaller Entities.

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.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

### 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 DEVELOPMENTS LIMITED

### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

### Responsibilities for the financial statements and the audit

#### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities set out on page 1, 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. With respect to the Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

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

30 SEP 2016

TELEREAL DEVELOPMENTS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 MARCH 2016

| | Note | 2016 £000 | 2015 £000 |
|---|---|---|---|
| Turnover | | 12 | 9 |
| Operating costs | | (25) | (122) |
| Net valuation movements | 6 | 17 | (10) |
| **Operating profit/(loss)** | 3 | 4 | (123) |
| Interest payable and expenses | | - | (1) |
| **Profit/(loss) on ordinary activities before taxation** | | 4 | (124) |
| Tax on profit/(loss) on ordinary activities | 5 | 2 | 26 |
| **Profit/(loss) for the financial year and total comprehensive income/(expense) for the year** | | 6 | (98) |

All activities relate to continuing operations.

The notes on pages 7 to 16 form part of these financial statements.

TELEREAL DEVELOPMENTS LIMITED
REGISTERED NUMBER:4222524

## STATEMENT OF FINANCIAL POSITION
## AS AT 31 MARCH 2016

| | Note | | 2016 £000 | | 2015 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Investment property | 6 | | **100** | | 83 |
| | | | **100** | | 83 |
| **Current assets** | | | | | |
| Debtors: amounts falling due within one year | 7 | **37** | | 49 | |
| | | **37** | | 49 | |
| Creditors: amounts falling due within one year | 8 | **(3)** | | (5) | |
| **Net current assets** | | | **34** | | 44 |
| **Provisions for liabilities** | | | | | |
| Deferred tax | 9 | **(17)** | | (16) | |
| | | | **(17)** | | (16) |
| **Net assets** | | | **117** | | 111 |
| **Capital and reserves** | | | | | |
| Called up share capital | 10 | | **1** | | 1 |
| Retained earnings | | | **116** | | 110 |
| **Total equity** | | | **117** | | 111 |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

30 SEP 2016

**Warren Persky**
Director

**Russell Gurnhill**
Director

The notes on pages 7 to 16 form part of these financial statements.

## 1. Accounting policies

### General information

Telereal Developments Limited ("the company") is a private company, limited by shares, and is incorporated in England and Wales. The registered office and principal place of business is disclosed in note 11.

The principal activity of the company is property development and management.

### 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 Section 1A of 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 Section 1A of 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 11.

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 1A.7 of FRS 102, on the basis that it is a small entity;

(ii) preparation of a statement of changes in equity in accordance with paragraph 1A.7 of FRS 102, on the basis that it is a small entity;

(iii) 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 Trillium Holdings Limited as at 31 March 2016.

(iv) related party disclosures in accordance with paragraph 1.12 (e) of FRS 102, on the basis that the equivalent disclosures are included in a parent company's own consolidated financial statements. This information is included in the consolidated financial statements of London Wall Outsourcing Investments Limited as at 31 March 2016, which may be obtained from 140 London Wall, London, EC2Y 5DN.

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

### Turnover

Turnover comprises rental income from a radio mast located in the United Kingdom. Rental income is recognised in the Statement of Comprehensive Income on an accruals basis.

## 1. Accounting policies (continued)

### Operating costs

Operating costs are recognised in the Statement of Comprehensive Income on an accruals basis.

### 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, eg 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.

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 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.

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 Statement of Financial Position 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.

## 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 if acquired from third parties, or at fair value if reclassified from operating properties.

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.

### 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 date of the Statement of Financial Position, 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.

## 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.

**Property valuations**
Properties held for sale are valued by a qualified chartered surveyor. Valuations are made as at the reporting date and conform to International Valuation Standards. Valuations are made using various assumptions and estimations which include, but are not limited to, market yields, transaction prices of similar properties, tenure and tenancy details.

## 3. Operating loss

The operating loss is stated after charging management fees totalling £25,000 (2015: £122,000) by a fellow group undertaking.

The audit fee for the year totalling £2,000 (2015: £3,000) was borne on the company's behalf by a fellow group undertaking.

## 4. Directors' emoluments

| | 2016<br>£000 | 2015<br>£000 |
|---|---|---|
| Aggregate emoluments excluding long-term incentive schemes and pensions | 7 | 8 |
| Aggregate amounts receivable under long-term incentive schemes | 63 | 67 |
| Payments to defined contribution pension scheme | 1 | 1 |
| | 71 | 76 |

Directors are remunerated by Telereal Services Limited, Telereal Telecom Services Limited and Trillium Property Services Limited, fellow group undertakings.

Retirement benefits are accruing to four (2015: four) directors under a defined contribution scheme and one (2015: no) directors under a defined benefit scheme.

The company did not have any employees other than directors during the year under review (2015: nil).

## 5. Taxation

| | 2016<br>£000 | 2015<br>£000 |
|---|---|---|
| **Corporation tax** | | |
| Current tax on profits for the year | (3) | (24) |
| | (3) | (24) |
| **Total current tax** | (3) | (24) |
| **Deferred tax** | | |
| Origination and reversal of timing differences | 1 | (2) |
| **Total deferred tax** | 1 | (2) |
| **Taxation on loss on ordinary activities** | (2) | (26) |

### Factors affecting tax charge for the year

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

| | 2016<br>£000 | 2015<br>£000 |
|---|---|---|
| Profit on ordinary activities before tax | 4 | (124) |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%) | 1 | (26) |
| **Effects of:** | | |
| Property revaluations | (3) | - |
| **Total tax charge for the year** | (2) | (26) |

### 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 2020, the main rate of corporation tax will be 17%.

## 6. Investment property

| | Freehold investment property £000 |
|---|---|
| **Valuation** | |
| At 1 April 2015 | 83 |
| Surplus on revaluation | 17 |
| **At 31 March 2016** | 100 |

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 in the year ending 31 March 2021.

## 7. Debtors

| | 2016 £000 | 2015 £000 |
|---|---|---|
| Amounts owed by group undertakings | 33 | 19 |
| Corporation tax recoverable | 3 | 24 |
| VAT recoverable | 1 | 6 |
| | 37 | 49 |

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

There are no material differences between the carrying value and fair value of debtors as at 31 March 2016.

## 8. Creditors: Amounts falling due within one year

| | 2016 £000 | 2015 £000 |
|---|---|---|
| Accruals and deferred income | 3 | 5 |
| | 3 | 5 |

There are no material differences between the carrying value and fair value of trade and other creditors as at 31 March 2016.

## 9. Deferred taxation

| | Deferred tax £000 |
|---|---|
| At 1 April 2015 | (16) |
| Charged to the profit or loss | (1) |
| **At 31 March 2016** | (17) |

The provision for deferred taxation is made up as follows:

| | 2016 £000 | 2015 £000 |
|---|---|---|
| Accelerated capital allowances | (17) | (16) |
| | (17) | (16) |

## 10. Share capital

| | 2016 £ | 2015 £ |
|---|---|---|
| **Allotted, called up and fully paid** | | |
| 1,000 (2015: £1,000) Ordinary shares of £1 each | 1,000 | 1,000 |

## 11. Controlling party

Telereal Developments Limited is a wholly owned subsidiary of Telereal Holdings Limited.

The ultimate parent undertaking and controlling party is Field Nominees Limited (incorporated in Bermuda), as nominee for the B Pears 1967 Family Trust. The largest parent undertaking to consolidate these financial statements is Tele-Finance Holdings Limited, which is incorporated in the British Virgin Islands.

The smallest group of companies to consolidate the results of the company is Trillium Holdings Limited. The annual report and accounts of Trillium Holdings 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 Developments Limited.

## 12. 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 previous UK GAAP were for the year ended 31 March 2015. The date of transition 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 | | 93 | - | 93 | 83 | - | 83 |
| Current assets | | 159 | - | 159 | 49 | - | 49 |
| Creditors: amounts falling due within one year | | (25) | - | (25) | (5) | - | (5) |
| **Net current assets** | | 134 | - | 134 | 44 | - | 44 |
| **Total assets less current liabilities** | | 227 | - | 227 | 127 | - | 127 |
| Provisions for liabilities | | - | (18) | (18) | - | (16) | (16) |
| **Net assets** | | 227 | (18) | 209 | 127 | (16) | 111 |
| Total equity | 2 | 227 | (18) | 209 | 127 | (16) | 111 |

## 12. 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 | | 9 | - | 9 |
| | | 9 | - | 9 |
| Operating cost | | (122) | - | (122) |
| Net valuation movements on investment properties | 1 | - | (10) | (10) |
| **Operating profit** | | (113) | (10) | (123) |
| Interest payable and similar charges | | (1) | - | (1) |
| Taxation | 2 | 24 | 2 | 26 |
| **Loss on ordinary activities after taxation and for the financial year** | | (90) | (8) | (98) |

Explanation of changes to previously reported profit and equity:

1 Recognising revaluation surpluses and deficits on investment properties in the Statement of Comprehensive Income. This was previously recorded in a separate revaluation reserve in capital and reserves and has no impact on net equity.

2 Under previous UK GAAP the company was not required to provide for taxation on property revaluations, unless the company had entered into a binding sale agreement and recognised the gain or loss expected to rise. Under FRS 102 deferred taxation is provided on the temporary difference arising from the revaluation.