Company balance sheet

at 31 December 2007

Prepared using UK generally accepted accounting practice (UK GAAP)

	notes	2007 £m	2006 £m
Fixed assets			
Tangible assets	2	7.9	8.2
Investments	3	611.2	726.9
		619.1	735.1
Current assets			
Debtors	4	137.3	90.2
Cash at bank and in hand		399.8	34.4
		537.1	124.6
Creditors			
Amounts falling due within one year	6	(16.7)	(18.1)
Net current assets		520.4	106.5
Total assets less current liabilities		1,139.5	841.6
Creditors			
Amounts falling due after more than one year	6	(428.8)	(514.2)
Net pension liability	11	(1.4)	(6.1)
		709.3	321.3
Represented by:			
Capital and reserves			
Called up equity share capital	7	9.9	9.9
Share premium account	9	24.2	22.4
Capital redemption reserve	9	1.8	1.8
Special reserve	9	59.1	59.1
Profit and loss account	9	614.3	228.1
Equity shareholders' funds	10	709.3	321.3

D R Martin

S P Lonsdale

Directors

These financial statements on pages 101 to 109 were approved by the Board on 5 March 2008

Basis of preparation

The separate financial statements of the company are presented as required by the Companies Act 1985. They have been prepared in accordance with applicable United Kingdom generally accepted accounting practice. The company prepares its financial statements on the historic cost basis of accounting as modified by the revaluation of certain tangible fixed assets.

Change in accounting policies

The company has adopted FRS29, 'Financial Instruments: Disclosures'. The adoption of the standard represents a change in accounting policy. There is no prior year adjustment to reserves resulting from adopting this standard, as its provisions relate to disclosure.

Cash flow statement

The company is the holding company of a group which prepares consolidated accounts, including the results of the company, which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised).

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Freehold properties	2% per annum on cost or valuation
Plant, company vehicles, fixtures & fittings	3 - 10 years

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment.

Impairment

At each balance sheet date the company reviews the carrying amount of its tangible fixed assets to determine whether there are any indicators of impairment. If indicators of impairment exist then the recoverable amount of an asset is estimated and if this is less than its carrying amount, the difference is recognised in the profit and loss account as an impairment loss.

Pensions

The company operates retirement benefit schemes; both defined benefit and defined contribution schemes.

The liability recognised in the balance sheet in respect of the company's defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated using the projected unit credit method. Formal actuarial valuations are carried out by an independent actuary on a triennial basis, with updated calculations being prepared at each balance sheet date by qualified independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The cost of providing future benefits (service cost) is charged to the profit and loss account as required. The return on scheme assets and interest obligation on scheme liabilities comprise a pension finance adjustment which is included in interest costs. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the period they arise.

Contributions payable under defined contribution schemes are charged to the profit and loss account as they arise.

Share-based payments

The company issues equity settled share-based payments to certain employees, which are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest. The impact of revising original estimates, if any, is included in the profit and loss account, with a corresponding adjustment to reserves.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Dividend distribution

Dividend distributions to the company's shareholders are recognised in the company's financial statements in the period in which the dividends are paid.

Deferred taxation

The company accounting policy is to provide for deferred tax on all timing differences except those arising on the revaluation of fixed assets for which there is no binding agreement to sell or on the undistributed profits of overseas subsidiaries. Deferred tax is calculated at the rates at which it is estimated the tax will arise. The tax rates are those expected to arise based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The deferred tax provision is not discounted to net present value.