

Notes forming part of the Company financial statements

i Accounting policies

Accounting convention

The Company financial statements are prepared under UK GAAP and the historical cost convention as modified by the revaluation of investments in subsidiary undertakings.

Subsidiary undertakings and joint ventures

Shares in subsidiary undertakings are valued at amounts equal to their original cost and any subsequent movement in the revaluation reserve of those subsidiaries, thus reflecting in the Company's balance sheet the surplus arising from the revaluation and the sale of investments and investment properties of those subsidiaries.

Accounting policies for share-based payments, deferred tax, financial instruments and convertible bonds are the same as those of the Group and are set out on pages 60 to 62.

ii Loss attributable to members of the parent undertaking

As permitted by section 230(1)(b) Companies Act 1985, the Company has not presented its own profit and loss account. The loss dealt with in the accounts of the Company was £19.9 million (2007: profit of £9.5 million). The employees of the Company include the directors, full disclosure of their remuneration can be found on pages 49 to 54.

iii Fixed asset investments

	Investment in joint ventures £m	Shares in subsidiary undertakings £m	Loans to subsidiary undertakings £m	Total £m
At 1 April 2007	0.1	1,043.3	330.1	1,373.5
Additions	–	265.1	–	265.1
Deficit on revaluation	–	(2.4)	–	(2.4)
Issue of loans	–	–	0.6	0.6
At 31 March 2008	0.1	1,306.0	330.7	1,636.8

Shares in subsidiary undertakings and joint ventures are carried at valuation. The historical cost of the shares in subsidiary undertakings and joint ventures at 31 March 2008 was £531.7 million (2007: £266.6 million).

The Company owns, directly or through subsidiary undertakings, all of the issued share capital of the following principal subsidiary undertakings, all of which are incorporated in England and operate in the United Kingdom:

	Principal activity		Principal activity
B & H S Management Limited	Property management	G.P.E. (Sackville Street) Limited	Property investment
Collin Estates Limited	Property investment	G.P.E. (New Bond Street) LLP [†]	Property investment
Courtana Investments Limited	Property investment	G.P.E. (61 St. Mary Axe) Limited	Property investment
G.P.E. (Bermondsey Street) Limited	Property investment	G.P.E. (St. Thomas Street) Limited	Property investment
G.P.E. (80 Bishopsgate) Limited	Property investment	Hartstand Limited*	Property investment
G.P.E. (88/104 Bishopsgate) Limited	Property investment	Ilex Limited	Property investment
G.P.E. (Blackfriars) Limited	Property investment	J.L.P. Investment Company Limited	Property investment
G.P.E. Construction Limited	Development management	Knighton Estates Limited	Property investment
G.P.E. (Hanover Square) Limited*	Property investment	Pontsarn Investments Limited	Property investment

* Held by a subsidiary undertaking.

† The Company owns, through a subsidiary undertaking, 99.8% of the partnership capital of G.P.E. (New Bond Street) LLP which is registered in England and operates in the United Kingdom.

iv Debtors

	2008 £m	2007 £m
Amounts owed by subsidiary undertakings	119.3	109.7
Amounts owed by joint ventures	0.7	–
Corporation tax	0.4	0.4
Other debtors	0.1	–
Prepayments and accrued income	0.8	0.6
Derivatives	–	0.9
	121.3	111.6

v Creditors: amounts falling due within one year

	2008 £m	2007 £m
Unsecured loan notes 2008	263.8	2.9
Amounts owed to subsidiary undertakings	–	67.3
Amounts owed to joint ventures	85.9	–
Other taxes and social security costs	–	0.1
Other creditors	0.3	0.1
Accruals	4.8	4.9
	354.8	75.3

vi Deferred tax

	1 April 2007 £m	Reversal to income £m	Reversal directly to equity £m	31 March 2008 £m
Deferred tax liabilities				
Derivatives	(0.2)	–	0.2	–
Deferred tax assets				
Long-Term Incentive Plan and Share Matching Plan	0.9	(0.9)	–	–
Net deferred tax asset/(provision)	0.7	(0.9)	0.2	–

Were the Company to sell its investments in subsidiary undertakings, an estimated charge of £216.8 million (2007: £233.0 million) would arise. However, the Company has no intention of selling any of its investments in the foreseeable future.

vii Reserves

	Other reserves			Hedging reserve £m	Revaluation reserve £m	Profit and loss account £m
	Capital redemption reserve £m	Acquisition reserve £m	Total £m			
1 April 2007	16.4	8.6	25.0	0.5	758.5	150.2
Deficit on revaluation of subsidiaries	–	–	–	–	(2.3)	–
Retained loss for the year	–	–	–	–	–	(40.5)
Conversion of convertible bonds	–	–	–	–	–	–
Fair value of derivatives	–	–	–	(4.5)	–	–
Deferred tax on fair value movement of derivatives	–	–	–	0.2	–	–
At 31 March 2008	16.4	8.6	25.0	(3.8)	756.2	109.7