

Notes to the financial statements

—for the year ended 31 March 2009 continued

13. Investment properties

Group	Portfolio management £m	Development programme £m	Trillium £m	Total £m
Net book value at 1 April 2007	10,607.4	2,284.3	427.6	13,319.3
Properties transferred from portfolio management into the development programme	(218.7)	218.7	—	—
Developments transferred from the development programme into portfolio management	1,491.5	(1,491.5)	—	—
Property acquisitions	714.2	0.2	149.4	863.8
Capital expenditure	117.5	467.3	6.8	591.6
Capitalised interest	1.4	43.7	—	45.1
Disposals	(1,099.4)	(2.2)	(0.6)	(1,102.2)
Transfers to joint ventures	(228.2)	—	—	(228.2)
Transfers to trading properties	—	(17.4)	—	(17.4)
Transfer from operating properties	—	—	4.1	4.1
Surrender premiums received	(6.2)	—	—	(6.2)
Depreciation	(2.9)	—	—	(2.9)
Deficit on revaluation – continuing activities	(1,038.3)	(107.1)	(13.0)	(1,158.4)
– discontinued operations	—	—	(11.9)	(11.9)
Net book value at 31 March 2008	10,338.3	1,396.0	562.4	12,296.7
Developments transferred from the development programme into portfolio management	410.3	(410.3)	—	—
Accor hotel properties transferred from Trillium to portfolio management	435.9	—	(435.9)	—
Property acquisitions	101.9	1.3	—	103.2
Capital expenditure	174.1	245.5	6.0	425.6
Capitalised interest	14.0	23.1	—	37.1
Disposals	(681.9)	(1.3)	(41.4)	(724.6)
Transfer from operating properties	—	—	11.9	11.9
Surrender premiums received	(2.0)	—	—	(2.0)
Depreciation	(2.1)	—	—	(2.1)
Deficit on revaluation – continuing activities	(3,573.1)	(540.3)	—	(4,113.4)
– discontinued operations	—	—	(10.0)	(10.0)
Disposals included as part of the disposal of Trillium	—	—	(93.0)	(93.0)
Net book value at 31 March 2009	7,215.4	714.0	—	7,929.4

The following table reconciles the net book value of the investment properties to the market value. The components of the reconciliation are included within their relevant balance sheet headings.

	Portfolio management £m	Development programme £m	Trillium £m	Total investment properties £m
Net book value at 31 March 2008	10,338.3	1,396.0	562.4	12,296.7
Plus: amount included in prepayments in respect of lease incentives	156.3	24.3	—	180.6
Less: head leases capitalised (note 32)	(65.3)	(2.0)	—	(67.3)
Plus: properties treated as finance leases	149.2	—	—	149.2
Market value at 31 March 2008 – Group	10,578.5	1,418.3	562.4	12,559.2
– plus: share of joint ventures (note 20)	1,216.5	373.4	—	1,589.9
Market value at 31 March 2008 – Group and share of joint ventures	11,795.0	1,791.7	562.4	14,149.1
Net book value at 31 March 2009	7,215.4	714.0	—	7,929.4
Plus: amount included in prepayments in respect of lease incentives	148.8	40.5	—	189.3
Less: head leases capitalised (note 32)	(56.5)	(1.4)	—	(57.9)
Plus: properties treated as finance leases	104.7	—	—	104.7
Market value at 31 March 2009 – Group	7,412.4	753.1	—	8,165.5
– plus: share of joint ventures (note 20)	950.0	291.5	—	1,241.5
Market value at 31 March 2009 – Group and share of joint ventures	8,362.4	1,044.6	—	9,407.0

Notes to the financial statements

—for the year ended 31 March 2009 continued

13. Investment properties continued

Included in investment properties are leasehold properties with a net book value of **£994.0m** (2008: £1,368.1m).

The fair value of the Group's investment properties at 31 March 2009 has been arrived at on the basis of a valuation carried out at that date by Knight Frank LLP, external valuers. The valuation by Knight Frank LLP, which conforms to Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors and with IVA 1 of the International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties. Fixed asset properties include capitalised interest of **£181.1m** (2008: £211.7m). The average rate of capitalisation is **5.5%** (2008: 5.5%). The historical cost of investment properties is **£7,721.8m** (2008: £7,813.2m).

The current value of investment properties in respect of proposed developments is **£524.8m** (2008: £639.6m). Developments are transferred out of the development programme when physically complete and 95% let. The schemes completed during the year were Queen Anne's Gate, London SW1, 10 Eastbourne Terrace, London W2 and Angel Road, Edmonton N18.

The Group has outstanding capital commitments of **£280.5m** at 31 March 2009 (2008: £234.5m).

14. Operating properties

Group	2009 £m	2008 £m
Book value at the beginning of the year	544.8	551.5
Property acquisitions	0.8	8.9
Capital expenditure	18.1	32.4
Disposals	(13.5)	(16.9)
Transfers to trading properties	–	(4.1)
Transfer to investment properties (Trillium)	(11.9)	(4.1)
Depreciation – discontinued operations	(16.7)	(22.9)
Disposals included as part of the disposal of Trillium	(521.6)	–
Book value at the end of the year	–	544.8

15. Other property, plant and equipment

Group	2009 £m	2008 £m
Book value at the beginning of the year	73.6	78.2
Capital expenditure	8.4	16.1
Disposals	(7.8)	(0.7)
Depreciation – continuing activities	(4.6)	(4.9)
– discontinued operations	(0.9)	(15.1)
Disposals included as part of the disposal of Trillium	(54.4)	–
Book value at the end of the year	14.3	73.6

Notes to the financial statements

—for the year ended 31 March 2009 continued

16. Net investment in finance leases

Group	2009 £m	2008 £m
Non-current		
Finance leases – gross receivables	277.7	692.8
Unearned finance income	(187.1)	(385.6)
Unguaranteed residual value	25.7	26.5
	116.3	333.7
Current		
Finance leases – gross receivables	7.0	27.4
Unearned finance income	(6.2)	(20.3)
	0.8	7.1
Total net investment in finance leases	117.1	340.8
Gross receivables from finance leases:		
Not later than one year	7.0	27.4
Later than one year but not more than five years	34.9	129.3
More than five years	242.8	563.5
	284.7	720.2
Unearned future finance income	(193.3)	(405.9)
Unguaranteed residual value	25.7	26.5
Net investment in finance leases	117.1	340.8

The Group has leased out a number of investment properties under finance leases, which ranged from 35 to 100 years in duration from the inception of the lease. These are accounted for as finance lease receivables rather than investment properties.

The fair value of the Group's finance lease receivables approximates to the carrying amount.

17. Goodwill

Group	2009 £m	2008 £m
At the beginning of the year	148.6	129.6
Arising on acquisitions during the year	–	13.5
Arising on acquisitions in prior years	–	5.5
Impaired in the year ¹	(148.6)	–
At the end of the year	–	148.6
Represented by:		
Gross goodwill recognised	–	233.5
Total accumulated impairment losses	–	(84.9)
	–	148.6

1. The impairment charge in the year is included within the post-tax loss of Trillium within discontinued operations as the goodwill relates to the Trillium operations that were disposed of on 12 January 2009.

As a result of adverse economic conditions impacting Trillium's new business prospects, particularly the reduced availability of long-term debt funding at a reasonable cost, an impairment review was undertaken in compliance with IAS36 'Impairment of Assets' to assess whether the goodwill carried in the Group's balance sheet was impaired. As a result of this review, an impairment loss of £148.6m was recognised in the first half of the year. This impairment is included within discontinued operations (note 42).

The carrying value was tested by comparing the carrying amount of the business' assets and liabilities with their recoverable amount. The latter was calculated by reference to the cash flow projections for the entire term of each of Trillium's contracts. The cash flow projections had been prepared on the basis of strategic plans, knowledge of the market and management's views on achievable new business gains over the longer term. The main assumptions underlying the forecasts were the relative inflation rates applying to costs and revenues, the amount of expenditure required to fulfil the service level commitments, the vacation rate under the DWP contract and the value of new business from Property Partnerships and PPP. The cash flows were discounted using Trillium's weighted average cost of capital of 9.0% (31 March 2008: 7.5%).

Notes to the financial statements

—for the year ended 31 March 2009 continued

18. Investment in an associate undertaking

Group	2009 £m	2008 £m
At the beginning of the year	42.9	–
Transferred from non-current assets classified as held for sale	–	43.4
Share of post-tax results ¹	(16.6)	(0.5)
Disposals included as part of the disposal of Trillium	(26.3)	–
At the end of the year	–	42.9

1. The Group's share of post-tax results from an associate undertaking is included within the post-tax loss of Trillium within discontinued operations as it relates to Trillium Investment Partners LP that was disposed of as part of the disposal of Trillium on 12 January 2009.

The Group's share of the assets and liabilities of Trillium Investment Partners LP is as follows:

Group	2009 £m	2008 £m
Assets	–	257.7
Liabilities	–	(214.8)
Group's share of net assets	–	42.9

19. Loans to third parties

Group	2009 £m	2008 £m
At the beginning of the year	–	–
Additions	50.0	–
At the end of the year	50.0	–

In conjunction with the disposal of Trillium, the Group has made an unsecured loan to Semperian PPP (formerly Trillium Investment Partners LP), which is repayable by instalments between 2015 and 2035.

20. Investments in joint ventures

The Group's significant joint ventures are described below:

Name of joint venture	Percentage owned	Business segment	Year end date	Joint venture partners
The Scottish Retail Property Limited Partnership	50.0%	Retail Portfolio	31 March	The British Land Company PLC
Metro Shopping Fund Limited Partnership	50.0%	Retail Portfolio	31 March	Delancey Real Estate Partners Limited
Buchanan Partnership	50.0%	Retail Portfolio	31 December	The Henderson UK Shopping Centre Fund
St. David's Limited Partnership	50.0%	Retail Portfolio	31 December	Liberty International PLC
The Bull Ring Limited Partnership	33.3%	Retail Portfolio	31 December	The Henderson UK Shopping Centre Fund Hammerson plc
Bristol Alliance Limited Partnership	50.0%	Retail Portfolio	31 December	Hammerson plc
The Harvest Limited Partnership	50.0%	Retail Portfolio	31 March	J Sainsbury plc
The Oriana Limited Partnership	50.0%	London Portfolio	31 March	Frogmore Real Estate Partners Limited Partnership

Notes to the financial statements

—for the year ended 31 March 2009 continued

20. Investments in joint ventures continued

	Year ended 31 March 2009 and at 31 March 2009									
Summary financial information of Group's share of joint ventures	The Scottish Retail Property Limited Partnership £m	Metro Shopping Fund Limited Partnership £m	Buchanan Partnership £m	St. David's Limited Partnership £m	The Bull Ring Limited Partnership £m	Bristol Alliance Limited Partnership £m	The Harvest Limited Partnership £m	The Oriana Limited Partnership £m	Other ¹ £m	Total £m
Income statement										
Rental income	9.1	12.9	9.2	5.0	15.5	10.8	4.4	4.3	6.5	77.7
Service charge income	1.5	2.5	1.8	0.7	2.5	–	0.2	0.3	0.1	9.6
Property services income	–	–	–	–	–	–	–	–	–	–
Trading property sale proceeds	–	–	–	–	–	–	–	–	16.0	16.0
Revenue	10.6	15.4	11.0	5.7	18.0	10.8	4.6	4.6	22.6	103.3
Rents payable	(0.2)	–	–	–	–	(0.2)	–	–	(0.1)	(0.5)
Other direct property expenditure	(3.6)	(4.0)	(2.9)	(1.2)	(5.1)	(3.8)	(0.3)	(0.5)	(1.1)	(22.5)
Indirect property expenditure	(0.4)	(1.2)	(0.1)	(0.3)	(0.3)	(0.1)	(0.4)	(0.6)	(0.4)	(3.8)
Impairment of trading properties	–	–	–	–	–	–	–	–	(12.3)	(12.3)
Cost of sales of trading properties	–	–	–	–	–	–	–	–	(10.5)	(10.5)
	6.4	10.2	8.0	4.2	12.6	6.7	3.9	3.5	(1.8)	53.7
(Loss)/profit on disposal of non-current properties	(0.1)	0.2	–	–	0.4	1.7	–	–	0.7	2.9
Net deficit on revaluation of investment properties	(54.0)	(78.1)	(66.5)	(184.6)	(87.8)	(106.3)	(11.5)	(4.8)	(36.7)	(630.3)
Operating loss	(47.7)	(67.7)	(58.5)	(180.4)	(74.8)	(97.9)	(7.6)	(1.3)	(37.8)	(573.7)
Net interest (expense)/income	(3.2)	(10.6)	(3.8)	0.3	–	0.3	(1.4)	(11.7)	(11.6)	(41.7)
Loss before tax	(50.9)	(78.3)	(62.3)	(180.1)	(74.8)	(97.6)	(9.0)	(13.0)	(49.4)	(615.4)
Income tax	(0.2)	(0.8)	–	–	–	–	–	–	(0.3)	(1.3)
	(51.1)	(79.1)	(62.3)	(180.1)	(74.8)	(97.6)	(9.0)	(13.0)	(49.7)	(616.7)
Net liabilities adjustment ³	–	16.5	–	–	–	–	–	–	1.2	17.7
Share of losses of joint ventures after tax	(51.1)	(62.6)	(62.3)	(180.1)	(74.8)	(97.6)	(9.0)	(13.0)	(48.5)	(599.0)
Balance sheet										
Investment properties ²	82.3	171.5	112.3	147.6	200.0	230.8	69.5	83.9	110.1	1,208.0
Current assets	6.4	7.5	6.0	119.0	12.2	33.6	44.3	3.1	55.7	287.8
	88.7	179.0	118.3	266.6	212.2	264.4	113.8	87.0	165.8	1,495.8
Current liabilities	(3.1)	(5.6)	(3.9)	(25.6)	(9.4)	(17.3)	(1.0)	(4.3)	(29.0)	(99.2)
Non-current liabilities	(68.1)	(189.9)	–	(0.4)	–	(2.9)	(46.9)	(75.6)	(99.7)	(483.5)
	(71.2)	(195.5)	(3.9)	(26.0)	(9.4)	(20.2)	(47.9)	(79.9)	(128.7)	(582.7)
Net liabilities adjustment ³	–	16.5	–	–	–	–	–	–	1.2	17.7
Net assets	17.5	–	114.4	240.6	202.8	244.2	65.9	7.1	38.3	930.8
Capital commitments	1.6	0.7	0.4	53.1	–	12.9	–	–	1.9	70.6
Market value of investment properties²	83.8	172.6	115.0	147.5	205.0	253.4	70.0	84.0	110.2	1,241.5
Net (debt)/cash	(63.3)	(185.1)	1.9	2.7	2.8	1.9	(46.1)	(74.8)	(99.4)	(459.4)
Net investment										
At 1 April 2008	73.0	69.9	179.6	346.7	289.3	284.4	64.5	9.0	94.2	1,410.6
Properties contributed	–	–	–	–	–	–	–	–	27.3	27.3
Cash contributed	0.4	5.8	1.4	–	–	–	17.6	11.2	4.1	40.5
Distributions	–	(1.1)	(4.3)	–	–	–	(3.0)	(0.1)	(13.1)	(21.6)
Fair value movement on cash flow hedges	(4.8)	(12.0)	–	–	–	–	(4.2)	–	(0.3)	(21.3)
Disposals	–	–	–	–	–	–	–	–	(17.9)	(17.9)
Loan advances	–	–	–	74.0	0.3	61.1	–	–	0.2	135.6
Loan repayments	–	–	–	–	(12.0)	(3.7)	–	–	(2.4)	(18.1)
Disposal of Trillium	–	–	–	–	–	–	–	–	(5.3)	(5.3)
Share of losses of joint ventures after tax	(51.1)	(62.6)	(62.3)	(180.1)	(74.8)	(97.6)	(9.0)	(13.0)	(48.5)	(599.0)
At 31 March 2009	17.5	–	114.4	240.6	202.8	244.2	65.9	7.1	38.3	930.8

1. Other principally includes The Martineau Galleries Limited Partnership, The Ebbsfleet Limited Partnership and Millshaw Property Co. Limited.

2. The difference between the book value and the market value is the amount included in prepayments in respect of lease incentives, head leases capitalised and properties treated as finance leases.

3. Joint ventures with net liabilities are carried at zero value in the balance sheet where there is no commitment to fund the deficit and any distributions are included in the consolidated income statement for the year.

Notes to the financial statements

—for the year ended 31 March 2009 continued

20. Investments in joint ventures continued

Summary financial information of Group's share of joint ventures	Year ended 31 March 2008 and at 31 March 2008									
	The Scottish Retail Property Limited Partnership £m	Metro Shopping Fund Limited Partnership £m	Buchanan Partnership £m	St. David's Limited Partnership £m	The Bull Ring Limited Partnership £m	Bristol Alliance Limited Partnership £m	The Harvest Limited Partnership £m	The Oriana Limited Partnership £m	Other £m	Total £m
Income statement										
Rental income	12.5	14.0	9.9	5.4	14.7	3.4	1.4	1.4	3.4	66.1
Service charge income	2.5	3.0	0.7	0.7	2.7	—	—	—	0.7	10.3
Property services income	—	—	—	—	—	—	—	—	0.1	0.1
Trading property sale proceeds	—	—	—	—	—	—	—	—	35.1	35.1
Revenue	15.0	17.0	10.6	6.1	17.4	3.4	1.4	1.4	39.3	111.6
Rents payable	(0.2)	—	—	—	—	—	—	—	(0.1)	(0.3)
Other direct property expenditure	(4.6)	(3.8)	(1.9)	(1.2)	(4.1)	(0.2)	—	—	(1.4)	(17.2)
Indirect property expenditure	(0.6)	(1.1)	(0.1)	(0.3)	(0.2)	(0.2)	(0.1)	(0.2)	(0.1)	(2.9)
Cost of sales of trading properties	—	—	—	—	—	—	—	—	(26.8)	(26.8)
	9.6	12.1	8.6	4.6	13.1	3.0	1.3	1.2	10.9	64.4
(Loss)/profit on disposal of non-current properties	(7.6)	0.6	—	—	—	—	—	—	(0.1)	(7.1)
Net (deficit)/surplus on revaluation of investment properties	(28.4)	(12.1)	(11.5)	(21.8)	(31.5)	6.3	(9.7)	(15.6)	(9.9)	(134.2)
Operating (loss)/profit	(26.4)	0.6	(2.9)	(17.2)	(18.4)	9.3	(8.4)	(14.4)	0.9	(76.9)
Net interest (expense)/income	(5.6)	(12.5)	(3.5)	0.4	0.1	0.4	—	—	(0.3)	(21.0)
(Loss)/profit before tax	(32.0)	(11.9)	(6.4)	(16.8)	(18.3)	9.7	(8.4)	(14.4)	0.6	(97.9)
Income tax	(0.1)	(0.6)	—	—	—	—	—	—	(2.4)	(3.1)
Share of (losses)/profits of joint ventures after tax										
— continuing activities	(32.1)	(12.5)	(6.4)	(16.8)	(18.3)	9.7	(8.4)	(14.4)	(1.9)	(101.1)
— discontinued operations	—	—	—	—	—	—	—	—	0.1	0.1
Balance sheet										
Investment properties	126.7	246.4	176.0	244.1	288.4	291.5	62.7	87.3	55.9	1,579.0
Current assets	11.2	38.3	6.1	118.7	9.1	12.4	2.3	1.5	73.7	273.3
	137.9	284.7	182.1	362.8	297.5	303.9	65.0	88.8	129.6	1,852.3
Current liabilities	(2.9)	(4.9)	(2.5)	(15.7)	(8.2)	(17.2)	(0.5)	(79.7)	(10.7)	(142.3)
Non-current liabilities	(62.0)	(209.9)	—	(0.4)	—	(2.3)	—	(0.1)	(24.7)	(299.4)
	(64.9)	(214.8)	(2.5)	(16.1)	(8.2)	(19.5)	(0.5)	(79.8)	(35.4)	(441.7)
Net assets	73.0	69.9	179.6	346.7	289.3	284.4	64.5	9.0	94.2	1,410.6
Capital commitments	2.9	0.6	2.9	127.4	—	27.7	—	—	8.3	169.8
Market value of investment properties	125.9	246.6	180.0	244.0	293.3	294.5	62.8	87.3	55.5	1,589.9
Net (debt)/cash	(53.1)	(205.6)	0.7	5.3	3.1	(0.3)	1.5	1.4	(6.5)	(253.5)
Net investment										
At 1 April 2007	145.8	95.3	188.6	308.1	321.1	198.6	—	—	81.3	1,338.8
Properties contributed	—	—	—	—	—	—	39.7	205.8	—	245.5
Cash contributed	—	6.6	3.4	—	—	—	33.2	—	26.3	69.5
Distributions	(42.5)	(14.2)	(6.0)	—	—	—	—	(0.8)	(11.6)	(75.1)
Fair value movement on cash flow hedges taken to equity	1.8	(5.3)	—	—	—	—	—	—	—	(3.5)
Loan advances	—	—	—	55.4	—	79.5	—	—	—	134.9
Loan repayments	—	—	—	—	(13.5)	(3.4)	—	(181.6)	—	(198.5)
Share of post-tax results:										
— continuing activities	(32.1)	(12.5)	(6.4)	(16.8)	(18.3)	9.7	(8.4)	(14.4)	(1.9)	(101.1)
— discontinued operations	—	—	—	—	—	—	—	—	0.1	0.1
At 31 March 2008	73.0	69.9	179.6	346.7	289.3	284.4	64.5	9.0	94.2	1,410.6

Notes to the financial statements

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21. Investments in Public Private Partnerships

Group	2009 £m	2008 £m
At the beginning of the year	25.4	–
Arising on acquisitions during the year	–	17.2
Additions	–	8.2
Transferred to non-current assets classified as held for sale	(17.2)	–
Disposals included as part of the disposal of Trillium	(8.2)	–
At the end of the year	–	25.4

The Group's share of the assets and liabilities of the PPP investments is as follows:

Group	2009 £m	2008 £m
Assets	–	216.4
Liabilities	–	(191.0)
Group's share of net assets	–	25.4

22. Investments in subsidiary undertakings

Company	2009 £m	2008 £m
At the beginning of the year	5,054.6	5,049.6
Capital contributions relating to share-based payments (note 35)	8.6	5.0
Impairment to reduce net assets of the Company to net assets of the Group attributable to equity shareholders	(234.7)	–
At the end of the year	4,828.5	5,054.6

In accordance with IFRIC11 'IFRS2 – Group and Treasury Transactions' the equity settled share-based charge for the employees of the Company's subsidiaries are treated as an increase in the cost of investment in the subsidiaries and a corresponding increase in the Company's equity.

The Directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The principal Group undertakings, all of which are wholly owned, either directly by the Company or through a fellow subsidiary undertaking are:

Wholly owned subsidiary undertakings

Group operations

Land Securities Properties Limited

Investment property business

Land Securities Intermediate Limited
Land Securities Property Holdings Limited
Ravenseft Properties Limited

The City of London Real Property Company Limited
Ravenside Investments Limited

All principal subsidiary undertakings operate in Great Britain and are registered in England and Wales.

A full list of subsidiary undertakings at 31 March 2009 will be appended to the Company's next annual return.

Notes to the financial statements

—for the year ended 31 March 2009 continued

23. Trading properties and long-term development contracts

Group	2009			2008		
	Cost £m	Impairment provision £m	Realisable value £m	Cost £m	Impairment provision £m	Realisable value £m
Trading properties:						
Development land and infrastructure	159.1	(92.0)	67.1	128.2	–	128.2
Other trading properties	26.0	(0.3)	25.7	44.8	–	44.8
Long-term development contracts	2.1	–	2.1	–	–	–
	187.2	(92.3)	94.9	173.0	–	173.0

The realisable value of the Group's trading properties at 31 March 2009 has been arrived at on the basis of a valuation carried out at that date by Knight Frank LLP, external valuers.

	2009 £m	2008 £m
Long-term development contracts		
Income statement:		
Contract revenue recognised as revenue in the year	48.9	26.3
Balance sheet:		
Contract costs incurred and recognised profits (less recognised losses) to date	383.8	332.8
Advances received from customers	(390.8)	(346.0)
	(7.0)	(13.2)
Plus: gross amount due to customers for contract work (included in accruals and deferred income)	9.1	13.2
Balance at the end of the year	2.1	–

24. Trade and other receivables

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Trade receivables	53.6	161.1	–	–
Less: allowance for doubtful accounts	(20.3)	(15.0)	–	–
Trade receivables – net	33.3	146.1	–	–
Property sales receivables	64.9	205.2	–	–
Other receivables	35.6	53.9	–	–
Prepayments and accrued income	212.9	314.6	0.1	0.3
Current tax assets	–	–	3.2	–
Finance leases receivable within one year (note 16)	0.8	7.1	–	–
Amounts due from joint ventures	44.6	111.1	–	–
Loans to Group undertakings	–	–	5.5	385.9
	392.1	838.0	8.8	386.2
Group				
Movement in allowances for doubtful accounts				
At the beginning of the year			15.0	15.2
Additions/reversal of allowance			10.5	3.6
Write-offs charged against the allowances account			(3.3)	(3.8)
Allowance included as part of disposal of Trillium discontinued operations			(1.9)	–
At the end of the year			20.3	15.0

Notes to the financial statements

—for the year ended 31 March 2009 continued

24. Trade and other receivables continued

Group Accounts receivable past due	1-30 days past due £m	Up to 6 months past due £m	Up to 12 months past due £m	More than 12 months past due £m	Total £m
As at 31 March 2009					
Past due but not impaired	15.4	2.6	–	–	18.0
Past due and impaired	15.1	10.5	5.5	4.5	35.6
	30.5	13.1	5.5	4.5	53.6
As at 31 March 2008¹					
Past due but not impaired	16.1	1.9	–	–	18.0
Past due and impaired	17.0	5.3	3.4	5.3	31.0
	33.1	7.2	3.4	5.3	49.0

1. The balance for the year ended 31 March 2008 excludes £112.1m that relates to the Trillium discontinued operations.

In accordance with IFRS7, the amounts shown as past due represent the total credit exposure, not the amount actually past due.

25. Cash and cash equivalents

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Cash at bank and in hand:				
Unrestricted	108.1	25.7	105.1	69.5
Restricted	0.1	–	–	–
	108.2	25.7	105.1	69.5
Short-term deposits:				
Unrestricted	750.0	22.7	–	–
Restricted	29.8	–	–	–
	779.8	22.7	–	–
Liquidity funds:				
Unrestricted	751.0	–	–	–
Restricted	–	–	–	–
	751.0	–	–	–
	1,639.0	48.4	105.1	69.5

Liquidity funds

The liquidity funds are AAA rated cash-investment funds with constant net asset values, offering the Group same day access to the funds deposited. These investments yield a return of between 0.5% and 1.3% at 31 March 2009.

Short-term deposits

The effective interest rate on short-term deposits was **1.2%** at 31 March 2009 (2008: 5.1%) and had an average maturity of **91 days** (2008: one day).

Restricted cash and deposits

Restricted cash represents amounts held within the Security Group which requires the consent of the Security Group Trustee in order to be released for use by the Group. The requirement to hold restricted cash is an operating requirement under the terms of the Security Group's debt programme, which encourages a reduction in gearing when either LTV or interest cover exceeds prescribed levels. This does not prevent the Group from optimising returns by putting this money on short-term deposit. Restricted balances do not meet the definition of cash and cash equivalents for the purposes of the cash flow statement.

Notes to the financial statements

—for the year ended 31 March 2009 continued

25. Cash and cash equivalents continued

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
For the purposes of the cash flow statement, cash and cash equivalents comprise the following:				
Cash at bank and in hand	108.1	25.7	105.1	69.5
Short-term deposits	750.0	22.7	–	–
Liquidity funds	751.0	–	–	–
Bank overdrafts (note 30)	(0.3)	(1.4)	–	–
	1,608.8	47.0	105.1	69.5

26. Non-current assets classified as held for sale

Group	2009 £m	2008 £m
Non-current assets classified as held for sale	–	664.1
Liabilities directly associated with non-current assets classified as held for sale	–	(427.7)
	–	236.4

Non-current assets and liabilities held for sale at 31 March 2008 represented a number of PPP investments owned by Trillium which were to be sold to Trillium Investment Partners LP or to third parties. These investments were held as a disposal group within the Trillium operations that were divested on 12 January 2009. The Group has not recognised any profits or losses in respect of these investments in the year ended 31 March 2009, other than the £23.0m profit on disposal of projects sold to Trillium Investment Partners LP and a £2.8m impairment charge, both of which are included within discontinued operations.

Set out below is an analysis of the movements within the disposal group for the year ended 31 March 2009:

	Total £m
Book value at the beginning of the year	236.4
Projects transferred from Investments in Public Private Partnership contracts	17.2
Projects sold to Trillium Investment Partners LP	(97.3)
Project acquisitions	7.5
Impairments	(2.8)
Profit from discontinued operations	1.1
Cash received from the disposal group	(1.8)
Disposals included as part of the disposal of Trillium	(160.3)
Book value at the end of the year	–

27. Trade and other payables

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Trade payables	2.7	28.5	–	–
Capital payables	129.7	116.8	–	–
Other payables	46.6	73.3	–	–
Accruals and deferred income	278.2	574.4	5.2	0.2
Amounts owed to joint ventures	168.6	134.2	–	–
Loans from Group undertakings	–	–	113.7	874.5
	625.8	927.2	118.9	874.7

Capital payables represent amounts due under contracts to purchase properties, which were unconditionally exchanged at the year end, and for work completed on investment properties but not paid for at the financial year end. Deferred income principally relates to rents received in advance.

Notes to the financial statements

—for the year ended 31 March 2009 continued

28. Provisions

Group	Dilapidations £m	Onerous leases £m	Other £m	Total £m
At 1 April 2007	20.9	39.8	20.0	80.7
Net charge to income statement for the year (included in discontinued operations)	7.2	0.4	7.2	14.8
Release of discount (included in discontinued operations)	–	1.6	–	1.6
Utilised in the year	(7.9)	(11.6)	–	(19.5)
At 31 March 2008	20.2	30.2	27.2	77.6
Net charge to income statement for the year (included in discontinued operations)	6.0	5.5	1.4	12.9
Release of discount (included in discontinued operations)	–	1.2	–	1.2
Utilised in the year	(2.4)	(8.3)	–	(10.7)
Provisions included in the disposal of Trillium	(23.8)	(28.6)	(28.6)	(81.0)
At 31 March 2009	–	–	–	–
Included in the balance above, the following amounts are anticipated to be utilised within one year:				
At 31 March 2009	–	–	–	–
At 31 March 2008	14.8	10.6	15.5	40.9

Dilapidations

Provisions for dilapidations were made in respect of certain leasehold properties held within the Trillium operations that were disposed of on 12 January 2009. A provision was established where the Group anticipated incurring future expenditure at the end of the lease. The amounts provided were based on the current estimate of the future costs determined on the basis of the present condition of the relevant properties. Settlement of the amounts provided occurred once agreement was reached with the parties to the lease.

Onerous leases

An onerous lease provision related to leasehold properties held within the Trillium operations that were disposed of on 12 January 2009. A provision was established in respect of leasehold properties that were unoccupied or where the expected future rental income was not expected to meet the Group's rental obligations. The provisions were based on assumptions about expected future rentals and voids.

Other

Other provisions included liabilities that arose from the contractual arrangements with clients of the disposed Trillium operations that included specific performance measurement targets and life cycle capital expenditure requirements. Settlement of the amounts provided followed agreement with the clients.

Notes to the financial statements

—for the year ended 31 March 2009 continued

29. Derivative financial instruments

Group	2009		2008	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Interest-rate swaps (cash flow hedges)	–	–	–	0.8
Interest-rate swaps (non-designated)	–	112.0	–	9.9
Forward foreign-exchange contracts (cash flow hedges)	–	–	4.3	–
Total	–	112.0	4.3	10.7

Non-designated derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months.

Interest-rate swaps

The Group uses interest-rate swaps to manage its exposure to interest-rate movements on its interest-bearing loans and borrowings. The fair value of these contracts is recorded in the balance sheet and is determined by discounting future cash flows at the prevailing market rates at the balance sheet date.

The change in fair value of the contracts that are not designated as hedging instruments is taken to the income statement. For contracts that are designated as cash flow hedges the change in the fair value of the contracts is recognised directly in equity. There was no ineffectiveness to be recognised from the designated cash flow hedges. The deferred asset or liability assumed is released to the income statement during the term of each relevant swap.

Forward foreign-exchange contracts

The Group uses forward foreign-exchange contracts to manage its exposure to exchange-rate movements in relation to debt raised in currencies other than sterling, or to lock in the sterling equivalent of future committed expenditure denominated in foreign currencies. The fair value of these contracts is recorded in the balance sheet.

The change in fair value of designated cash flow hedging instruments is recognised directly in equity. The asset acquired or liability assumed is released to the income statement in the period to which it relates.

At the balance sheet date, the notional amount of outstanding derivative financial instruments was as follows:

	2009 £m	2008 £m
Interest-rate swaps	2,225.0	2,025.7
Forward foreign-exchange contracts	–	35.5
	2,225.0	2,061.2

Notes to the financial statements

—for the year ended 31 March 2009 continued

30. Borrowings

							2009
Group	Secured/ unsecured	Fixed/ floating	Effective interest rate %	Nominal/ notional value £m	Fair value £m	Book value £m	
Short-term borrowings and overdrafts							
Sterling							
Bank overdrafts	Unsecured	Floating	—	0.3	0.3	0.3	
Amounts payable under finance leases (note 32)		Fixed	5.5	0.8	0.8	0.8	
Total short-term borrowings and overdrafts				1.1	1.1	1.1	
Non-current borrowings							
Sterling							
4.625 per cent MTN due 2013	Secured	Fixed	4.7	300.0	294.3	299.8	
5.292 per cent MTN due 2015	Secured	Fixed	5.3	391.5	383.4	391.0	
4.875 per cent MTN due 2019	Secured	Fixed	5.0	400.0	370.0	396.5	
5.425 per cent MTN due 2022	Secured	Fixed	5.5	255.3	230.9	254.6	
4.875 per cent MTN due 2025	Secured	Fixed	4.9	300.0	237.2	297.2	
5.391 per cent MTN due 2026	Secured	Fixed	5.4	210.7	175.9	209.9	
5.391 per cent MTN due 2027	Secured	Fixed	5.4	611.1	509.6	608.5	
5.376 per cent MTN due 2029	Secured	Fixed	5.4	317.9	256.1	316.4	
5.396 per cent MTN due 2032	Secured	Fixed	5.4	322.9	258.6	321.1	
5.125 per cent MTN due 2036	Secured	Fixed	5.1	500.0	376.1	498.6	
Bond exchange de-recognition adjustment	Secured	Fixed		—	—	(499.8)	
				3,609.4	3,092.1	3,093.8	
Syndicated bank debt	Secured	Floating	LIBOR+ margin	1,662.8	1,662.8	1,658.6	
Bilateral facilities	Secured	Floating	LIBOR+ margin	640.0	640.0	640.0	
Amounts payable under finance leases (note 32)		Fixed	5.5	57.1	68.0	57.1	
Total non-current borrowings				5,969.3	5,462.9	5,449.5	
Total borrowings				5,970.4	5,464.0	5,450.6	

Medium term notes (MTN)

The MTN are secured on the fixed and floating pool of assets of the Security Group. Debt investors benefit from security over a pool of investment properties valued at **£7.5bn** at 31 March 2009 (2008: £11.0bn). The secured debt structure has a tiered operating covenant regime which gives the Group substantial flexibility when the loan to value and interest cover in the Security Group are less than 65% and more than 1.45 times respectively. If these limits are exceeded the operating environment becomes more restrictive with provisions to encourage the reduction in gearing (see note 31). The interest rate is fixed until the expected maturity, being two years before the legal maturity date for each MTN, whereupon the interest rate for the last two years is LIBOR plus a step-up margin. The effective interest rate includes the amortisation of issue costs. The MTN are listed on the Irish Stock Exchange and their fair values are based on their respective market prices.

Syndicated bank debt

At 31 March 2009 the Group had two syndicated bank facilities:

1. £1.5bn authorised credit facility with a maturity of August 2013, which has been fully drawn. This facility is committed and is secured on the assets of the Security Group. The interest rates are floating at LIBOR plus a margin of between 0.15% and 0.25%; and
2. £352.0m committed development facility with a maturity of May 2013. This facility was taken out to fund the development of Leeds Trinity Quarter and is secured on this property; this facility is currently £162.8m drawn. The interest rates are floating at LIBOR plus a margin of 2.35%. There are £5.0m of issue costs which are being written off over the life of this facility.

Notes to the financial statements

—for the year ended 31 March 2009 continued

30. Borrowings continued

Bilateral facilities

Committed Bilateral facilities totalling £940.0m are available to the Group and are secured on the assets of the Security Group. These facilities mature between July and December 2011, with the exception of one undrawn facility for £40m which matures in September 2009. The Group has the option to extend any drawings for a further year past maturity, or two years in the case of the £40m facility. The interest rates are floating at LIBOR plus a margin of between 0.25% and 0.75%.

Bond exchange de-recognition

On 3 November 2004, a debt refinancing was completed resulting in the Group exchanging all of its outstanding bond and debenture debt for new MTN with higher nominal values. The new MTN did not meet the IAS39 requirement to be substantially different from the debt that it replaced. Consequently the book value of the new debt is reduced to the book value of the original debt by the 'bond exchange de-recognition' adjustment which is then amortised to zero over the life of the new MTN. The amortisation is charged to net interest expenses in the income statement.

Fair values

The fair values of any floating rate financial liabilities are assumed to be equal to their nominal value.

2008						
Group	Secured/ unsecured	Fixed/ floating	Effective interest rate %	Nominal/ notional value £m	Fair value £m	Book value £m
Short-term borrowings and overdrafts						
Sterling						
Acquisition loan notes	Unsecured	Floating	5.4	106.4	106.4	106.4
Euro Commercial Paper	Unsecured	Floating	5.8	19.8	19.8	19.8
Money-market borrowings	Unsecured	Floating	5.7	45.0	45.0	45.0
Bank overdrafts	Unsecured	Floating	–	1.4	1.4	1.4
DWP term loan	Secured	Floating	6.4	30.0	30.0	30.0
Bilateral facilities	Secured	Floating	5.9	565.4	565.4	565.4
Amounts payable under finance leases (note 32)		Fixed	5.5	2.2	–	2.2
Bond exchange de-recognition adjustment	Secured	Fixed	–	–	–	(11.7)
Euro						
Commercial paper	Unsecured	Floating	4.7	35.5	35.5	35.5
Total short-term borrowings and overdrafts				805.7	803.5	794.0
Non-current borrowings						
Sterling						
4.625 per cent MTN due 2013	Secured	Fixed	4.7	300.0	292.9	299.7
5.292 per cent MTN due 2015	Secured	Fixed	5.3	391.5	384.0	390.9
4.875 per cent MTN due 2019	Secured	Fixed	5.0	400.0	369.9	396.1
5.425 per cent MTN due 2022	Secured	Fixed	5.5	255.3	240.0	254.5
4.875 per cent MTN due 2025	Secured	Fixed	4.9	300.0	257.2	297.0
5.391 per cent MTN due 2026	Secured	Fixed	5.4	210.7	190.5	209.8
5.391 per cent MTN due 2027	Secured	Fixed	5.4	611.2	547.6	608.5
5.376 per cent MTN due 2029	Secured	Fixed	5.4	317.9	283.4	316.3
5.396 per cent MTN due 2032	Secured	Fixed	5.4	322.9	285.2	321.0
5.125 per cent MTN due 2036	Secured	Fixed	5.1	500.0	426.6	498.5
Bond exchange de-recognition adjustment	Secured	Fixed	–	–	–	(499.8)
				3,609.5	3,277.3	3,092.5
Bank facility due 2010	Secured	Floating	6.4	15.5	15.5	15.5
DWP term loan	Secured	Floating	6.4	94.4	94.4	94.4
Syndicated bank debt	Secured	Floating	5.8	865.0	865.0	865.0
Bilateral facilities	Secured	Floating	5.9	500.0	500.0	500.0
Amounts payable under finance leases (note 32)		Fixed	5.5	65.1	79.5	65.1
Total non-current borrowings				5,149.5	4,831.7	4,632.5
Total borrowings				5,955.2	5,635.2	5,426.5

Notes to the financial statements

—for the year ended 31 March 2009 continued

30. Borrowings continued

Group	2009	2008
Reconciliation of the movement in borrowings	£m	£m
At the beginning of the year	5,426.5	5,155.2
(Decrease)/increase in overdrafts	(1.1)	1.4
Repayment of loans	(1,612.0)	(1,485.0)
Proceeds from new loans	1,737.6	1,748.9
Capitalisation of finance fees	(5.0)	–
Amortisation of finance fees	2.2	2.1
Amortisation of bond exchange de-recognition adjustment	11.7	7.6
Net movement in finance lease obligations	(9.4)	(3.7)
Borrowings included within the disposal of Trillium	(99.9)	–
At the end of the year	5,450.6	5,426.5

Notes to the financial statements

—for the year ended 31 March 2009 continued

33. Net pension surplus

Contributory money purchase scheme

A contributory money purchase scheme was introduced on 1 January 1999 for all new administrative and senior property based employees, subject to eligibility, together with a separate similar scheme, effective 1 April 1998, for other property based employees. A further separate similar scheme, previously set up by Trillium, is also in operation for their employees.

Pension costs for defined contribution schemes are as follows:

Group	2009 £m	2008 £m
Defined contribution schemes	2.3	2.0

Defined benefit schemes

Land Securities Scheme

The Pension & Assurance Scheme of the Land Securities Group of Companies (the Scheme) is a wholly-funded scheme, and the assets of the Scheme are held in a self-administered trust fund which is separate from the Group's assets.

Contributions to the Scheme are determined by a qualified independent actuary on the basis of triennial valuations using the projected-unit method. As the Scheme is closed to new members, the current service cost will be expected to increase as a percentage of salary, under the projected-unit method, as members approach retirement. A full actuarial valuation of the Land Securities Scheme was undertaken on 1 July 2006 by the independent actuaries, Hymans Robertson Consultants & Actuaries. This valuation was updated to 31 March 2009. As a result of the valuation performed on 1 July 2006, the Trustees and the Group have agreed that the employer contributions of 30% of pensionable salary will be paid together with additional employer contributions to address the deficit at that time.

All death-in-service and benefits for incapacity arising during employment are wholly insured. No post-retirement benefits other than pensions are made available to employees of the Group.

The major assumptions used in the valuation were (in nominal terms):

Group	2009 %	2008 %
Rate of increase in pensionable salaries	3.40	3.60
Rate of increase in pensions in payment	3.40	3.60
Discount rate	7.00	6.90
Inflation	3.40	3.60
Expected return on plan assets	6.14	6.44

Notes to the financial statements

—for the year ended 31 March 2009 continued

33. Net pension surplus continued

The expected return on plan assets is based on expectations for bonds and equities. At the year end, the expected return on bonds is based on market yields of long-dated bonds at that date. The estimated expected return on equities includes an additional equity-risk premium.

The mortality assumptions used in this valuation were:

Group	2009 Years	2008 Years
Life expectancy at age 60 for current pensioners – Men	28.5	28.4
– Women	31.7	31.5
Life expectancy at age 60 for future pensioners (current age 40) – Men	29.7	29.6
– Women	32.7	32.6

The fair value of the assets in the schemes (including annuities purchased to provide certain pensions in payment) and the expected rate of return (net of investment management expenses) were:

	2009 %	2008 %	2007 %	2009 £m	2008 £m	2007 £m
Equities	7.50	7.50	7.50	43.9	70.5	70.8
Bonds and insurance contracts	5.24	5.35	4.80	62.6	68.0	71.6
Other	0.50	5.25	5.25	0.6	0.5	2.0
Fair value of schemes' assets				107.1	139.0	144.4
Present value of schemes' liabilities				(104.1)	(123.9)	(150.0)
Non-permissible surplus				–	(4.1)	–
Surplus/(deficit) in the schemes				3.0	11.0	(5.6)
Related deferred tax (liability)/asset				(1.6)	(0.8)	0.4
Net pension asset/(liability)				1.4	10.2	(5.2)

The major categories of plan assets as a percentage of total plan assets are as follows:

Group	2009 %	2008 %
Equities	41	51
Bonds and insurance contracts	59	49

The plan assets do not include any directly owned financial instruments issued by Land Securities Group PLC. Indirectly owned financial instruments had a fair value of less than **£0.1m** (2008: £0.2m).

Group	2009 £m	2008 £m
Analysis of the amounts charged to the income statement		
Analysis of the amount charged to operating profit		
Current service cost	1.3	2.1
Charge to operating profit	1.3	2.1
Analysis of amount (credited)/charged to interest expense		
Expected return on plan assets	(8.1)	(9.0)
Interest on schemes' liabilities	7.5	8.1
Net return	(0.6)	(0.9)

During the year ended 31 March 2006, the Group introduced amendments to the main scheme, which were adopted by the Trustees for active members who had given their consent. As a result, the accrued entitlement of the active members at 31 March 2006 has been linked to inflation, with future benefits accrued according to annual earnings. The effect of this change was a reduction of £8.3m in the Group's pension liability associated with funding future anticipated salary increases.

Notes to the financial statements

—for the year ended 31 March 2009 continued

33. Net pension surplus continued

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities	
Discount rate	Increase/decrease by 0.1%	Decrease/increase by 2% or £2.0m	
Rate of mortality	Increase by 1 year	Increase by 2.5% or £2.6m	
Group		2009	2008
Changes in the present value of the defined-benefit obligation		£m	£m
At the beginning of the year		123.9	150.0
Current service cost		1.3	2.1
Interest cost		7.5	8.1
Actuarial gains		(11.0)	(32.0)
Benefits paid		(4.2)	(4.5)
Contributions by plan participants		0.2	0.2
Defined-benefit obligation included in the disposal of Trillium		(13.6)	—
At the end of the year		104.1	123.9
Group		2009	2008
Changes in the fair value of plan assets		£m	£m
At the beginning of the year		139.0	144.4
Expected return on plan assets		8.1	9.0
Employer contributions		4.2	2.0
Actual return less expected return on schemes' assets		(26.2)	(12.1)
Benefits paid		(4.2)	(4.5)
Contributions by plan participants		0.2	0.2
Pension assets included in the disposal of Trillium		(14.0)	—
At the end of the year		107.1	139.0
Group		2009	2008
Analysis of the movement in the balance sheet surplus/(deficit)		£m	£m
At the beginning of the year		11.0	(5.6)
Charge to operating profit		(1.3)	(2.1)
Expected return on plan assets		8.1	9.0
Interest on schemes' liabilities		(7.5)	(8.1)
Employer contributions		4.2	2.0
Actuarial (losses)/gains		(11.1)	15.8
Transfer of defined-benefit pension scheme on the disposal of Trillium		(0.4)	—
At the end of the year		3.0	11.0
Group		2009	2008
Analysis of the amounts recognised in the statement of recognised income and expense		£m	£m
Analysis of gains and losses			
Actual return less expected return on schemes' assets		(26.2)	(12.1)
Experience gains and losses arising on schemes' liabilities		11.0	32.0
Decrease/(increase) in non-permissible surplus		4.1	(4.1)
Actuarial (losses)/gains		(11.1)	15.8

Actuarial gains and losses are recognised immediately through the statement of recognised income and expense.

Notes to the financial statements

—for the year ended 31 March 2009 continued

33. Net pension surplus continued

Group	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
History of experience gains and losses					
Experience adjustments arising on schemes' assets					
Amount	(26.2)	(12.1)	(2.6)	15.5	3.1
Percentage of schemes' assets	24.5%	8.7%	1.8%	10.3%	2.5%
Experience adjustments arising on schemes' liabilities					
Amount	11.0	(32.0)	(1.3)	20.5	7.8
Percentage of the present value of funded obligations	10.6%	25.8%	0.9%	13.1%	5.7%
Present value of schemes' liabilities	(104.1)	(123.9)	(150.0)	(156.5)	(136.6)
Fair value of schemes' assets	107.1	139.0	144.4	150.0	125.7
Non-permissible surplus	—	(4.1)	—	—	—
Surplus/(deficit)	3.0	11.0	(5.6)	(6.5)	(10.9)

The contributions expected to be paid in respect of the defined-benefit schemes during the financial year ending 31 March 2010 amount to **£4.4m**.

The Company did not operate any defined-contribution schemes or defined-benefit schemes during the financial year ended 31 March 2009 or in the previous financial year.

34. Deferred taxation

Group	Pension deficit/(surplus) £m	Accelerated tax depreciation £m	Capitalised interest £m	Other £m	Total £m
At 1 April 2007 – Assets	0.4	—	—	0.9	1.3
– Liabilities	—	(4.4)	(0.9)	—	(5.3)
	0.4	(4.4)	(0.9)	0.9	(4.0)
(Charged)/credited to income statement for the year ¹	(0.3)	3.7	—	—	3.4
Charged to equity	(0.9)	—	—	—	(0.9)
At 31 March 2008 – Assets	—	—	—	0.9	0.9
– Liabilities	(0.8)	(0.7)	(0.9)	—	(2.4)
	(0.8)	(0.7)	(0.9)	0.9	(1.5)
Disposal of Trillium	—	1.4	—	—	1.4
(Charged)/credited to income statement for the year	(1.4)	1.2	0.9	(0.9)	(0.2)
Credited to equity	0.6	—	—	—	0.6
At 31 March 2009 – Assets	—	1.9	—	—	1.9
– Liabilities	(1.6)	—	—	—	(1.6)
	(1.6)	1.9	—	—	0.3

1. £3.3m of the net credit to the income statement for the year ended 31 March 2008 relates to Trillium and in compliance with IFRS5 has been reclassified to discontinued operations.

Group	2009 £m	2008 £m
Deferred tax is provided as follows:		
Excess/(deficit) of capital allowances over depreciation – operating properties	1.9	(0.7)
Capitalised interest – operating properties	—	(0.9)
Pension surplus	(1.6)	(0.8)
Other temporary differences	—	0.9
Total deferred tax asset/(liability)	0.3	(1.5)

The Group has unutilised trading losses carried forward as at 31 March 2009 of approximately £92.0m (2008: nil).

Notes to the financial statements

—for the year ended 31 March 2009 continued

36. Called up share capital

Group and Company	Authorised		Allotted and fully paid	
	2009 Number million	2008 Number million	2009 £m	2008 £m
Ordinary shares of 10p each	1,000.0	600.0	76.2	47.1
Non-equity B shares of £1.02 each	38.9	38.9	—	—
Redeemable preference shares of £1.00 each	0.1	0.1	—	—
			76.2	47.1

On 9 March 2009, an ordinary resolution was passed at a General Meeting that approved the increase in the authorised ordinary shares of 10p each from 600.0 million to 1,000.0 million.

	Number of shares	
	2009	2008
Movements in the share capital were:		
At the beginning of the year	470,901,478	470,356,546
Issued on the exercise of options	232,807	544,932
Rights Issue	290,773,925	—
At the end of the year	761,908,210	470,901,478

On 9 March 2009, a special resolution was passed that allowed the Company to proceed with a Rights Issue which provided shareholders with the right to acquire five additional shares at an issue price of 270p for every eight shares held on 5 March 2009. The Rights Issue resulted in the issue of an additional 290,773,925 ordinary shares on 25 March 2009 and raised net proceeds of £755.7m, consisting of gross proceeds of £785.1m net of issue costs of £29.4m.

The number of ordinary shares that would be issued if all options were exercised at 31 March 2009 is **3,986,545** (2008: 3,330,114).

In July 2007 and 2008 the shareholders at the Annual General Meeting authorised the acquisition of shares issued by the Company representing up to 10% of its share capital to be held as treasury shares. At 31 March 2009 the Group owned **5,896,000** ordinary shares (2008: 5,896,000 ordinary shares) with a market value of **£25.8m** (2008: £87.6m).

37. Equity attributable to equity holders of the Company

Group	Ordinary shares £m	Share premium £m	Capital redemption reserve £m	Share- based payments £m	Retained earnings* £m	Own shares £m	Total £m
At 1 April 2007	47.0	51.5	30.5	7.9	10,668.9	(14.5)	10,791.3
Exercise of options	0.1	5.1	—	—	—	—	5.2
Fair-value movement on cash flow hedges – Group	—	—	—	—	(3.2)	—	(3.2)
– joint ventures	—	—	—	—	(3.5)	—	(3.5)
Fair value of share-based payments (note 35)	—	—	—	5.0	—	—	5.0
Release on exercise/forfeiture of share options	—	—	—	(1.6)	1.6	—	—
Treasury shares acquired	—	—	—	—	(78.2)	—	(78.2)
Actuarial gains on defined-benefit pension schemes (net)	—	—	—	—	14.9	—	14.9
Loss for the financial year	—	—	—	—	(830.8)	—	(830.8)
Dividends paid (note 9)	—	—	—	—	(308.4)	—	(308.4)
Own shares acquired	—	—	—	—	—	(9.4)	(9.4)
Transfer of shares to employees on exercise of share schemes	—	—	—	—	(1.6)	1.6	—
At 31 March 2008	47.1	56.6	30.5	11.3	9,459.7	(22.3)	9,582.9
Rights Issue (note 36)	29.1	726.6	—	—	—	—	755.7
Exercise of options	—	2.0	—	—	—	—	2.0
Fair-value movement on cash flow hedges – Group	—	—	—	—	(0.2)	—	(0.2)
– joint ventures	—	—	—	—	(21.3)	—	(21.3)
Fair value of share-based payments (note 35)	—	—	—	8.6	—	—	8.6
Release on exercise/forfeiture of share options	—	—	—	(11.8)	11.8	—	—
Actuarial losses on defined-benefit pension schemes (net)	—	—	—	—	(10.5)	—	(10.5)
Loss for the financial year	—	—	—	—	(5,191.3)	—	(5,191.3)
Dividends paid (note 9)	—	—	—	—	(302.4)	—	(302.4)
Transfer of shares to employees on exercise of share schemes	—	—	—	—	(9.9)	9.9	—
At 31 March 2009	76.2	785.2	30.5	8.1	3,935.9	(12.4)	4,823.5

*Included within retained earnings are cumulative losses in respect of cash flow hedges (interest-rate swaps) of **£17.1m** (2008: gains of £4.4m).

Notes to the financial statements

—for the year ended 31 March 2009 continued

37. Equity attributable to equity holders of the Company continued

Company	Ordinary shares £m	Share premium £m	Capital redemption reserve £m	Merger reserve £m	Share-based payments £m	Retained earnings* £m	Total £m
At 1 April 2007	47.0	51.5	30.5	373.6	12.5	4,431.6	4,946.7
Shares issued on exercise of options	0.1	5.1	—	—	—	—	5.2
Fair value of share-based payments (note 35)	—	—	—	—	5.0	—	5.0
Loss for the financial year	—	—	—	—	—	(15.3)	(15.3)
Dividends paid (note 9)	—	—	—	—	—	(308.4)	(308.4)
At 31 March 2008	47.1	56.6	30.5	373.6	17.5	4,107.9	4,633.2
Rights Issue (note 36)	29.1	726.6	—	—	—	—	755.7
Shares issued on exercise of options	—	2.0	—	—	—	—	2.0
Fair value of share-based payments (note 35)	—	—	—	—	8.6	—	8.6
Release on exercise/forfeiture of share options	—	—	—	—	(18.0)	18.0	—
Loss for the financial year	—	—	—	—	—	(273.6)	(273.6)
Dividends paid (note 9)	—	—	—	—	—	(302.4)	(302.4)
At 31 March 2009	76.2	785.2	30.5	373.6	8.1	3,549.9	4,823.5

*Available for distribution.

The merger reserve arose on 6 September 2002 when the Company acquired 100% of the issued share capital of Land Securities PLC. The merger reserve represents the excess of the cost of acquisition over the nominal value of the shares issued by the Company to acquire Land Securities PLC. The merger reserve does not represent a realised or distributable profit.