

Notes to the Financial Statements

1. Principal accounting policies – Group and Company

Basis of preparation The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards (“IFRS”), as adopted by the European Union and IFRS as issued by the International Accounting Standards Board.

The parent company’s financial statements have also been prepared in accordance with IFRS, as adopted by the European Union. The directors have taken advantage of the exemption offered by S.230 of the Companies Act not to present a separate income statement for the parent company.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, available for sale investments and derivative financial instruments. The measurement bases and principal accounting policies of the Group are set out below.

Basis of consolidation The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 March 2007. Subsidiary undertakings are those entities over which the Group has the ability to govern the financial and operating policies through the exercise of voting rights.

Unrealised gains on transactions between the Company and its subsidiaries and between subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Revenue recognition Property revenue consists of gross rental income on an accruals basis, together with sales of trading and development properties, excluding sales of investment properties. Rental income receivable in the period from lease commencement to the earlier of lease expiry and any tenant option to break is spread evenly over that period. Any incentive for lessees to enter into a lease agreement and any costs associated with entering into the lease are spread over the same period.

Revenue in respect of investment and other income represents investment income, fees and commissions earned on an accruals basis and profits or losses recognised on investments held for the short-term. Dividends are recognised when the shareholders’ right to receive payment has been established. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

A property is regarded as sold when the significant risks and returns have been transferred to the buyer. For conditional exchanges, sales are recognised when the conditions are satisfied.

Share-based payments The Group provides share-based payments in the form of share options, performance share plan awards and a share incentive plan. These payments are discussed in greater detail in the Directors’ Remuneration Report on pages 31 to 37.

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2005 are recognised in the financial statements. The Group uses a stochastic valuation model and the resulting value is amortised through the Consolidated Income Statement (“Income Statement”) over the vesting period of the share-based payments.

For the performance share plan and share incentive plan awards, where non-market conditions apply, the expense is allocated, over the vesting period, to the Income Statement based on the best available estimate of the number of awards that are expected to vest. Estimates are subsequently revised if there is any indication that the number of awards expected to vest differs from previous estimates.

Depreciation In accordance with IAS40 Investment Property, depreciation is not provided for on freehold investment properties or on leasehold investment properties. The Group does not own the freehold land and buildings which it occupies. Costs incurred in respect of leasehold improvements to the Group’s head office at 11-15 Farm Street, London W1J 5RS are capitalised and held as short leasehold improvements. Leasehold improvements, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Residual values are reassessed annually.

Depreciation is charged so as to write off the cost of assets less residual value, over their estimated useful lives, using the straight line method, on the following basis:

Short leasehold improvements	– 10% or length of lease, if shorter
Plant and equipment	– 25%

Taxation The taxation charge represents the sum of tax currently payable and deferred tax. The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date. Tax payable upon realisation of revaluation gains recognised in prior periods is recorded as a current tax charge with a release of the associated deferred taxation.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The measurement of deferred tax assets and liabilities reflects the tax consequences of the manner in which Helical expects, at the balance sheet date, to recover or settle the carrying amount of those assets and liabilities. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

1. Principal accounting policies (continued)

The basis on which the deferred tax asset, in respect of future tax relief available on share awards that vest, has changed. The deferred tax asset reflects the estimated value of tax relief available on the vesting of the awards rather than on the accumulated charge at the balance sheet date.

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. It is recognised in the Income Statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Dividends Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which dividends are declared.

Investment properties Investment properties are properties owned or leased by the Group which are held for long-term rental income and for capital appreciation. Investment properties are initially recognised at cost and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers. In accordance with IAS40, investment properties held under leases are stated gross of the recognised finance lease liability.

Gains or losses arising from changes in the fair value of investment properties are included in other operating income in the Income Statement of the period in which they arise.

In accordance with IAS40, as the Group uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

When the Group redevelops an existing investment property for continued future use as investment property, the property remains an investment property measured at fair value and is not reclassified. Interest is capitalised before tax relief until the date of practical completion.

Investment in joint ventures Entities whose economic activities are controlled jointly by the Group and by other ventures independent of the Group are accounted for using the equity method of accounting. Under IFRS the Group's share of the results and of the net assets of the joint ventures are shown in the Income Statement and Consolidated Balance Sheet ("Balance Sheet") respectively. Under IFRS the Company's cost of investment in joint ventures is shown in the Company Balance Sheet.

Investments in subsidiaries Investments in subsidiaries are held in the Company balance sheet at cost and reviewed annually for impairment.

Goodwill Goodwill, representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill is recognised immediately after acquisition in the Income Statement.

Land, developments and trading properties Land, developments and trading properties held for sale are inventory and are included in the Balance Sheet at the lower of cost and net realisable value.

Investments Investments are classified as available-for-sale investments or trading investments dependent on the purpose for which they were acquired. Available-for-sale investments, being investments intended to be held for an indefinite period, are revalued to fair value at the balance sheet date. For listed investments, fair value is the bid market listed value ruling at the balance sheet date. Gains or losses arising from changes in fair value are included in the revaluation reserve except to the extent that losses are attributable to impairment, in which case they are recognised in the Income Statement. Upon disposal, accumulated fair value adjustments are included in the Income Statement.

Trade receivables Trade receivables do not carry any interest and are stated initially at fair value and subsequently at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents Cash and cash equivalents are carried in the Balance Sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks, other short-term, highly liquid investments with original maturities of three months or less, net of bank overdrafts.

Trade and other payables Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost.

Borrowing and borrowing costs Interest bearing bank loans and overdrafts are initially recorded at fair value, net of finance and other costs yet to be amortised. Finance and other costs incurred in respect of the obtaining and maintenance of borrowings are accounted for on an accruals basis and written-off to the Income Statement over the length of the associated borrowings.

Borrowing costs directly attributable to the acquisition and construction of new development and investment properties are added to the costs of such properties until the earliest of:

- the date when the development or investment becomes fully let;
- the date when the income exceeds outgoings; and,
- the date of completion of the development or investment.

All other borrowing costs are recognised in the Income Statement in the period in which they are incurred.

1. Principal accounting policies (continued)

Derivative financial instruments Derivative financial assets and financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

The Group enters into derivative transactions such as interest rate caps and floors in order to manage the risks arising from its activities. Derivatives are initially recorded at fair value and are subsequently remeasured to fair value based on market prices, estimated future cash flows and forward rates as appropriate. Any change in the fair value of such derivatives is recognised immediately in the Income Statement as a finance cost or income.

Leases Leases are classified according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

In accordance with IAS40, finance and operating leases of investment property are accounted for as finance leases and recognised as an asset and an obligation to pay future minimum lease payments. The investment property asset is included in the balance sheet at fair value, gross of the recognised finance lease liability. Lease payments are allocated between the liability and finance charges so as to achieve a constant financing rate.

Assets leased out under operating leases are included in investment property, with rental income recognised on a straight-line basis over the lease term.

Net asset value per share Net asset values per share have been calculated in accordance with the best practice recommendations of the European Public Real Estate Association ("EPRA").

Earnings per share Earnings per share have been calculated in accordance with IAS 33 and the best practice recommendations of EPRA.

Employee Share Ownership Plan Trust Shares held in the Helical Bar Employee Share Ownership Plan Trust ("ESOP") are shown as a deduction in arriving at equity funds. Assets, liabilities and reserves of the ESOP are included in the statutory headings to which they relate.

Use of estimates and judgements To be able to prepare accounts according to generally accepted accounting principles, management must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the financial accounts. These estimates are based on historical experience and various other assumptions that management and the Board of Directors believe are reasonable under the circumstances. The results of these considerations form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

Areas requiring the use of estimates and critical judgement that may significantly impact on the Group's earnings and financial position are:

- revenue and cost recognition on developments where profits, recognised only when developments are sold and let, are spread over the construction period using estimates of the final outcome;
- valuation of investment properties, where external valuers are used to provide third party valuations;
- calculation of deferred tax liabilities, where indexation is used to reduce the provision for deferred tax on revaluation surpluses;
- calculation and assessment of recoverability of deferred tax assets, where it has been assumed that the provision for ESOP purchases of shares in the Company will be tax deductible on the vesting of share awards made by the Performance Share Plan; and,
- recognition of share-based payments charge, where it has been assumed that the share awards made under the terms of the Performance Share Plan will substantially vest and require the purchase of shares in the Company by the ESOP.

2. Segmental information

	Investment and trading Year ended 31.3.07 £000	Developments Year ended 31.3.07 £000	Total Year ended 31.3.07 £000	Investment and trading Year ended 31.3.06 £000	Developments Year ended 31.3.06 £000	Total Year ended 31.3.06 £000
Revenue						
Rental income	18,044	–	18,044	20,102	–	20,102
Trading property sales	12,355	–	12,355	72,101	–	72,101
Developments	–	88,685	88,685	–	26,756	26,756
	30,399	88,685	119,084	92,203	26,756	118,959
Other	–	–	4,092	–	–	315
Revenue	30,399	88,685	123,176	92,203	26,756	119,274

All sales were within the UK. All revenue is attributable to continuing operations.

2. Segmental information (continued)

	31.3.07 £000	31.3.07 £000	31.3.07 £000	31.3.06 £000	31.3.06 £000	31.3.06 £000
Profit before tax						
Net rental income	14,771	–	14,771	16,524	–	16,524
Trading profits	2,094	–	2,094	13,441	–	13,441
Development profits	–	13,587	13,587	–	4,594	4,594
Share of results of joint venture	6,196	–	6,196	437	–	437
Gain on sale and revaluation of investment properties	40,637	–	40,637	43,551	–	43,551
	63,698	13,587	77,285	73,953	4,594	78,547
Other operating income			766			235
Gross profit			78,051			78,782
Unallocated administrative expenses			(17,544)			(16,582)
Unallocated net finance costs			(419)			(5,080)
Profit before tax			60,088			57,120

	31.3.07 £000	31.3.07 £000	31.3.07 £000	31.3.06 £000	31.3.06 £000	31.3.06 £000
Balance sheet						
Investment properties	316,025	–	316,025	294,583	–	294,583
Land, development and trading properties	1,650	109,165	110,815	45,508	40,568	86,076
	317,675	109,165	426,840	340,091	40,568	380,659
Borrowings	(137,406)	–	(137,406)	(122,843)	–	(122,843)
	180,269	109,165	289,434	217,248	40,568	257,816
Unallocated assets			81,395			44,978
Unallocated liabilities			(88,643)			(72,697)
Net assets			282,186			230,097

The segmental information has been provided in respect of the two main divisions of the Group, the investment and trading department and the development department. Details of capital expenditure are included in notes 12 and 13.

3. Net rental income

	Year ended 31.3.07 £000	Year ended 31.3.06 £000
Gross rental income	18,044	20,102
Rents payable	(137)	(489)
Other property outgoings	(3,136)	(3,089)
Net rental income	14,771	16,524

4. Gain on sale and revaluation of investment properties

	31.3.07 £000	31.3.06 £000
Net proceeds from the sale of investment properties	53,446	65,992
Book value (note 12)	(45,638)	(57,565)
Lease incentive and letting costs adjustment	(351)	(609)
Gain on sale of investment properties	7,457	7,818
Revaluation gains on investment properties	33,180	35,733
Gain on sale and revaluation of investment properties	40,637	43,551

5. Administrative expenses

	31.3.07 £000	31.3.06 £000
Administrative expenses	17,544	16,582
Operating profit is stated after:		
Staff costs during the year:		
– salaries and other remuneration	8,511	7,700
– social security costs	1,318	1,501
– other pension costs	302	287
	10,131	9,488
Depreciation:		
– owner occupied property, plant and equipment	180	179
Share-based payments charge	4,578	3,458
Auditors' remuneration:		
– audit services	140	137
– non-audit services (IFRS and internal controls advice)	10	16

Details of the remuneration of Directors' (including pension contributions) amounting to £19,714,000 (2006: £13,358,000) are included in the Directors' Remuneration Report on pages 31 to 37. The amount of the share-based payments charge incurred in relation to share awards made to Directors is £3,342,000 (2006: £2,524,000).

Other pension costs relate to payments to individual pension plans.

The average number of employees (management and administration) of the Group during the year was 22 (2006: 22).

6. Finance costs and finance income

	Year ended 31.3.07 £000	Year ended 31.3.06 £000
Interest payable on bank loans and overdrafts	8,437	7,638
Other interest payable and similar charges	228	2,346
Finance arrangement costs	114	234
	8,779	10,218
Interest capitalised	(6,069)	(2,797)
Finance costs	2,710	7,421
Interest receivable and similar income	1,335	1,295
Finance income	1,335	1,295

7. Taxation on profit on ordinary activities

	31.3.07 £000	31.3.06 £000
The tax charge is based on the profit for the year and represents:		
United Kingdom corporation tax at 30% (2006: 30%)		
– Group corporation tax	6,449	5,983
– adjustment in respect of prior periods	(141)	–
Current tax charge	6,308	5,983
Deferred tax – capital allowances	(7)	(804)
– other temporary differences	(929)	(872)
– revaluation surpluses	2,628	5,369
Deferred tax	1,692	3,693
Tax on profit on ordinary activities	8,000	9,676

7. Taxation on profit on ordinary activities (continued)

Factors affecting tax charge for period:

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	31.3.07 £000	31.3.06 £000
Profit on ordinary activities before tax	60,088	57,120
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006: 30%)	18,027	17,136
Effect of:		
– payments for use of tax losses	3,191	3,633
– expenses not deductible for tax purposes	375	(263)
– capital allowances not reflected through deferred tax	(727)	(591)
– tax relief on share awards	(3,851)	(2,260)
– tax losses utilised	(9,538)	(7,879)
– operating losses/(profit) of joint ventures	107	(131)
– prior year adjustment	(142)	–
– other temporary differences	558	31
Total tax charge for period	8,000	9,676

Factors that may affect future tax charges The tax charge is expected to be less than the full rate in future years, primarily due to the Group continuing to claim capital allowances in respect of eligible expenditure on investment properties.

8. Deferred tax

Deferred taxation provided for in the financial statements is set out below:

	Group 31.3.07 £000	Group 31.3.06 £000	Company 31.3.07 £000	Company 31.3.06 £000
Capital gains	23,555	20,927	–	–
Capital allowances	2,168	2,175	172	276
Other temporary differences	(5,026)	(4,097)	–	–
Deferred tax provision	20,697	19,005	172	276

Under IAS12, deferred tax provisions are made for the tax that would potentially be payable on the realisation of investment properties and other assets at book value.

Other temporary differences represent deferred tax assets arising from future tax relief available to the Group from capital allowances and when Performance Share Plan awards vest.

If upon sale of the investment properties the Group retained all the capital allowances the deferred tax provision in respect of capital allowances of £2.2m would be released and further capital allowances of £13.0m would be available to reduce future tax liabilities.

The provision in respect of capital gains tax has been reduced by indexation.

9. Dividends paid

	Year ended 31.3.07 £000	Year ended 31.3.06 £000
Attributable to equity share capital		
Ordinary		
– interim paid of 1.60p (2006: 1.45p) per share	1,441	1,296
– prior period final paid of 2.45p (2006: 2.20p) per share	2,174	1,831
Total dividends paid in year – 4.05p (2006: 3.65p) per share	3,615	3,127

The interim dividend of 1.60p was paid on 29 December 2006 to shareholders on the register on 8 December 2006. The final dividend, if approved at the AGM on 25 July 2007, will be paid on 27 July 2007 to shareholders on the register on 29 June 2007. This final dividend, amounting to £2,480,000, representing 2.75p per share, has not been included as a liability at 31 March 2007.

10. Parent company

The Company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in the financial statements. The profit for the year of the Company was £71,751,000 (2006: £62,715,000).

11. Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. Shares held by the ESOP, which has waived its entitlement to receive dividends, are treated as cancelled for the purposes of this calculation.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares on the assumed exercise of all dilutive options.

The earnings per share are calculated in accordance with IAS 33 and the best practice recommendations of the European Public Real Estate Association (“EPRA”).

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	Year end 31.3.07 000s	Year end 31.3.06 000s
Ordinary shares in issue	94,372	90,506
Weighting adjustment	(5,028)	(3,540)
Weighted average ordinary shares in issue for calculation of basic earnings per share	89,344	86,966
Weighted average ordinary shares issued on exercise of share options	1,847	1,087
Weighted average ordinary shares to be issued on exercise of share options	2,972	2,535
Weighted average ordinary shares to be issued under performance share plan	2,303	1,296
Weighted average ordinary shares in issue for calculation of diluted earnings per share	96,466	91,884

11. Earnings per share (continued)

	31.3.07 £000	31.3.06 £000
Earnings used for calculation of basic and diluted earnings per share	51,788	47,568
Basic earnings per share	58.0p	54.7p
Diluted earnings per share	53.7p	51.8p
Earnings used for calculation of basic and diluted earnings per share	51,788	47,568
Gain on sale and revaluation of investment properties	(40,637)	(43,551)
Fair value movement on derivative financial instruments	(955)	(1,046)
Deferred tax in respect of investment properties	2,621	4,565
Tax on profit on disposal of investment properties	3,191	3,632
Earnings used for calculation of adjusted earnings per share	16,008	11,168
Diluted EPRA earnings per share	16.6p	12.2p

12. Investment properties

	Freehold 31.3.07 £000	Leasehold 31.3.07 £000	Total 31.3.07 £000	Freehold 31.3.06 £000	Leasehold 31.3.06 £000	Total 31.3.06 £000
Group						
Fair value at 1 April	211,451	83,132	294,583	203,683	67,632	271,315
Additions at cost	32,445	1,458	33,903	39,800	5,300	45,100
Disposals	(15,174)	(30,464)	(45,638)	(57,565)	–	(57,565)
Revaluation surplus	24,974	8,206	33,180	25,533	10,200	35,733
Amortisation of finance lease	–	(3)	(3)	–	–	–
Fair value at 31 March	253,696	62,329	316,025	211,451	83,132	294,583

Interest capitalised during the year in respect of the refurbishment of investment properties amounted to £1,192,000 (2006: £300,000).

Interest capitalised in respect of the development of investment properties is included in investment properties to the extent of £2,505,000 (2006: £1,313,000).

The investment properties have been valued on an open market basis at 31 March 2007 as follows:

	£000
Cushman & Wakefield Healey & Baker, International Real Estate Consultants	218,280
Jones Lang LaSalle, International Real Estate Consultants	69,300
DTZ Debenham Tie Leung, International Property Advisors	20,440
Drivers Jonas, Chartered Surveyors	7,000
Directors' valuation	1,005
	316,025

The net surplus arising of £33,180,000 (2006: £35,733,000) has been transferred to the revaluation reserve.

The historical cost of investment property is £213,501,000 (2006: £209,527,000).

13. Owner occupied property, plant and equipment – Group and Company

	Short leasehold improvements 31.3.07 £000	Plant and equipment 31.3.07 £000	Total 31.3.07 £000	Short leasehold improvements 31.3.06 £000	Plant and equipment 31.3.06 £000	Total 31.3.06 £000
Cost at 1 April	646	866	1,512	646	853	1,499
Additions at cost	–	49	49	–	142	142
Disposals	–	(137)	(137)	–	(129)	(129)
Cost at 31 March	646	778	1,424	646	866	1,512
Depreciation at 1 April	505	518	1,023	458	501	959
Provision for the year	47	133	180	47	132	179
Eliminated on disposals	–	(130)	(130)	–	(115)	(115)
Depreciation at 31 March	552	521	1,073	505	518	1,023
Net book amount at 31 March	94	257	351	141	348	489

Plant and equipment include vehicles, fixtures and fittings and other office equipment.

14. Investments

	Company 31.3.07 £000	Company 31.3.06 £000
At 1 April	15,300	15,300
Acquired during year	–	–
Further investment in existing subsidiaries	–	–
At 31 March	15,300	15,300

The Company's principal subsidiary undertakings, all of which have been consolidated, are:

Name of undertaking	Nature of business	Percentage of ordinary share capital held
Albionland (Bushey Mill) Ltd	Development	100%
Aycliffe and Peterlee Development Company Ltd	Development and trading	100%
Baylight Developments Ltd*	Investment	100%
Chancerygate (Cowley) Ltd	Development	100%
Chancerygate (Kidlington) Ltd	Development	100%
Chancerygate (Southampton) Ltd	Development	100%
Chancerygate (Stockport) Ltd	Development	100%
Cranmer Investments (Whitstable) Ltd	Development	100%
Dencora (Docklands) Ltd	Investment	100%
Dencora (Fordham) Ltd	Investment	100%

14. Investments (continued)

Name of undertaking	Nature of business	Percentage of ordinary share capital held
Harbour Developments (Bracknell) Ltd	Development	100%
HB Cambs No. 3 Ltd	Investment	100%
HB Dales Manor No. 3 Ltd	Investment	100%
HB Sawston No. 3 Ltd	Investment	100%
Helical (Aldridge) Ltd	Investment	100%
Helical (Ashford) Ltd	Investment	100%
Helical Bar Developments (South East) Ltd	Development	100%
Helical Bar (East Grinstead) Ltd	Investment	100%
Helical Bar (Epsom) Ltd	Development	100%
Helical Bar (Hawtin Park No. 3) Ltd	Investment	100%
Helical Bar (Rex House) Ltd	Investment	100%
Helical Bar Services Ltd	Management Services	100%
Helical Bar (Wales) Ltd*	Investment	100%
Helical Bar (White City) Ltd	Development	100%
Helical (Battersea) Ltd	Investment	100%
Helical (Cardiff) Ltd	Investment	100%
Helical (Crawley) Ltd	Investment	100%
Helical (Faygate) Ltd	Development	100%
Helical (Fleet) No. 2 Ltd*	Investment	100%
Helical (Glasgow) Ltd	Investment	100%
Helical (Hailsham) Ltd	Development	100%
Helical (Liphook) Ltd	Development (Jersey)	100%
Helical (Milton) Ltd	Development	100%
Helical (Paignton) Ltd	Investment	100%
Helical Properties Investment Ltd	Investment	100%
Helical Properties Ltd	Investment and trading	100%
Helical Retail Ltd	Development	100%
Helical Retail (RBS) Ltd*	Development	100%
Helical (Sevenoaks) Ltd	Investment	100%
Helical (Winterhill) Ltd	Investment	100%
Prescot Street Investments Ltd	Investment	100%
61 Southwark Street Ltd*	Investment	100%

All principal subsidiary undertakings operate in the United Kingdom and, unless otherwise indicated, are incorporated and registered in England and Wales. A full list of all subsidiaries is lodged with the Annual Return at Companies House.

* Ordinary capital is held by a subsidiary undertaking.

15. Investment in joint ventures

	Group 31.3.07 £000	Group 31.3.06 £000
<i>Summarised income statements</i>		
Revenue	16,233	1,067
Operating profit	6,480	997
Net finance costs	(284)	(285)
Profit before tax	6,196	712
Tax	–	(275)
Profit after tax	6,196	437
<i>Summarised balance sheets</i>		
Non-current assets	10	8
Current assets	25,168	5,562
Current liabilities	(6,415)	(2,792)
Non-current liabilities	(12,575)	(2,483)
Net assets	6,188	295

The cost of the Company's investment in joint ventures was £150,000 (2006: £150,000).

At 31 March 2007 the Group and the Company had interests in the following joint venture companies:

	Country of incorporation	Class of share capital held	Proportion held Group	Proportion held Company	Nature of business
Abbeygate Helical (Leisure Plaza) Ltd	United Kingdom	Ordinary	50%	–	Property development
Abbeygate Helical (Winterhill) Ltd	United Kingdom	Ordinary	50%	–	Property development
Abbeygate Helical (C4.1) LLP	United Kingdom	n/a	50%	–	Property development
Grosvenor Hill (Sprucefields) Ltd	United Kingdom	Ordinary	50%	50%	Property investment
The Asset Factor Ltd	United Kingdom	Ordinary	50%	50%	Outsourcing
Shirley Advance LLP	United Kingdom	n/a	50%	–	Property development

16. Goodwill

	Group At 31.3.07 £000	Group At 31.3.06 £000
Cost at 1 April	1,515	1,515
Additions	–	–
Cost at 31 March	1,515	1,515
Impairment at 1 April	1,447	1,333
Impairment for the year	38	114
Impairment at 31 March	1,485	1,447
Fair value at 31 March	30	68

The carrying values of the Group's goodwill is reassessed at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If analysis indicates that the carrying value is too high, then this is reduced to its recoverable amount which is the higher of fair value and its value in use.

17. Land, developments and trading properties

	Group 31.3.07 £000	Group 31.3.06 £000	Company 31.3.07 £000	Company 31.3.06 £000
Development sites	109,165	40,568	1,166	522
Properties held as trading stock	1,650	45,508	–	–
	110,815	86,076	1,166	522

The directors' valuation of trading and development stock shows a surplus of £36m above book value (2006: £29m). During the year properties held as trading stock at 31 March 2006 with a book value of £36,914,000 have been re-categorised as development sites.

Interest capitalised in respect of the development of sites is included in stock to the extent of £4,523,000 (2006: £2,867,000).

Interest capitalised during the year in respect of development sites amounted to £4,877,000 (2006: £2,497,000).

18. Available-for-sale investments

	Group 31.3.07 £000	Group 31.3.06 £000	Company 31.3.07 £000	Company 31.3.06 £000
UK listed investments at fair value	12	66	–	–
UK unlisted investment at fair value	900	–	900	–
	912	66	900	–

19. Trade and other receivables

	Group 31.3.07 £000	Group 31.3.06 £000	Company 31.3.07 £000	Company 31.3.06 £000
Trade receivables	50,850	13,156	389	406
Amounts owed by joint venture undertakings	5,185	3,712	15,074	2,616
Amounts owed by subsidiary undertakings	–	–	345,293	301,370
Other receivables	1,390	2,287	33	1,507
Prepayments and accrued income	13,101	14,770	175	4,249
	70,526	33,925	360,964	310,148

20. Cash and cash equivalents

	Group 31.3.07 £000	Group 31.3.06 £000	Company 31.3.07 £000	Company 31.3.06 £000
Rent deposits and cash held at managing agents	1,852	1,980	–	–
Cash secured against debt and cash held at solicitors	1,045	189	–	–
Cash held to fund future development costs	–	382	–	–
Cash deposits	492	7,584	11	3,030
	3,389	10,135	11	3,030

21. Trade payables and other payables

	Group 31.3.07 £000	Group 31.3.06 £000	Company 31.3.07 £000	Company 31.3.06 £000
Trade creditors	9,841	8,424	123	857
Social security costs and other taxation	304	(262)	–	–
Amounts owed to joint venture undertakings	–	–	1,554	114
Amounts owed to subsidiary undertakings	–	–	159,003	180,923
Other payables	8,248	7,634	462	187
Accruals and deferred income	45,810	33,710	3,584	1,196
	64,203	49,506	164,726	183,277

22. Borrowings

	Group 31.3.07 £000	Group 31.3.06 £000	Company 31.3.07 £000	Company 31.3.06 £000
Current borrowings	31,560	42,683	10,250	–
Bank loans repayable within:				
– one to two years	39,981	24,355	–	–
– two to three years	2,600	31,988	–	–
– three to four years	9,400	14,324	–	–
– four to five years	48,336	5,200	–	–
– after five years	5,800	4,536	–	–
	106,117	80,403	–	–
Deferred arrangement costs	(270)	(243)	–	–
Non-current borrowings	105,847	80,160	–	–

Bank overdrafts and term loans in creditors falling due within one year and after one year are secured against properties held in the normal course of business by subsidiary undertakings to the value of £222,109,000 (2006: £205,070,000). These will be repayable when the underlying properties are sold. Bank overdrafts and term loans exclude the Group's share of borrowings in joint venture companies of £22,666,000 (2006: £2,500,000).

23. Financing and financial instruments

The policies for dealing with liquidity and interest rate risk are noted in the Financial Review on page 21.

	Group 31.3.07 £000	Group 31.3.06 £000
Bank overdraft and loans – maturity		
Due after more than one year	105,847	80,160
Due within one year	31,560	42,683
	137,407	122,843

The Group has various undrawn committed borrowing facilities. The facilities available at 31.3.07 in respect of which all conditions precedent had been met were as follows:

	Group 31.3.07 £000	Group 31.3.06 £000
Expiring in one year or less	44,200	45,000
Expiring in more than one year but not more than two years	27,456	2,011
Expiring in more than two years	2,000	8,691
	73,656	55,702

Interest rates

	%	Expiry	31.3.07 £000	%	Expiry	31.3.06 £000
Fixed rate borrowings:						
– fixed	9.050	Feb 2009	6,815	9.050	Feb 2009	7,388
– swap rate plus bank margin	5.939	Sep 2009	14,324	5.939	Sep 2009	14,324
– swap rate plus bank margin	6.231	Feb 2008	5,800	6.329	Feb 2008	5,800
– swap rate plus bank margin	5.341	Jun 2011	4,536	5.439	Jun 2011	4,536
– swap rate plus bank margin	6.052	Nov 2010	5,200	5.759	Nov 2010	5,200
– swap rate plus bank margin	–	–	–	5.819	Sep 2007	3,460
– swap rate plus bank margin	–	–	–	4.965	Mar 2007	5,925
– swap rate plus bank margin	–	–	–	5.846	Jun 2006	3,500
– swap rate plus bank margin	6.052	Jan 2011	4,200	–	–	–
Weighted average	6.189	Nov 2009	40,875	6.279	Feb 2009	50,133
Floating rate borrowings	6.326	Jun 2009	96,802	5.528	Dec 2007	72,953
Total borrowings			137,677			123,086
Deferred arrangement costs			(270)			(243)
			137,407			122,843

Floating rate borrowings bear interest at rates based on LIBOR.

Hedging In addition to the fixed rates, borrowings are also hedged by the following financial instruments:

Instrument	Value £000	Rate %	Start	Expiry
Current:				
– cap	80,000	7.000	Jan 2006	Sep 2009

23. Financing and financial instruments (continued)

Gearing

	31.3.07 £000	31.3.06 £000
Total borrowings	137,407	122,843
Cash	(3,389)	(10,135)
Net borrowings	134,018	112,708
Net borrowings exclude the Group's share of borrowings in joint ventures of £22,666,000 (2006: £2,500,000).		
	31.3.07 £000	31.3.06 £000
Net assets	282,186	230,097
Gearing	47%	49%

24. Obligations under finance leases

	31.3.07 £000	31.3.06 £000
Lease payments under finance leases fall due:		
Not later than one year	14	14
Later than one year and not later than five years	46	46
Later than five years	119	122
Present value of finance lease obligations	179	182

25. Share capital

	31.3.07 £000	31.3.06 £000
Authorised	39,577	39,577
	39,577	39,577

The authorised share capital of the Company is £39,576,626.60 divided into ordinary shares of 1p each, 5.25p convertible cumulative redeemable preference shares 2012 of 70p each and deferred shares of ½p each.

	31.3.07 £000	31.3.06 £000
Allotted, called up and fully paid		
– 95,719,432 ordinary shares of 1p each (2006: 94,371,925 ordinary shares of 5p each)	957	944
– 212,145,300 deferred shares of ½p each	265	265
	1,222	1,209

25. Share capital (continued)

As at 1 April 2006 the Company had 94,371,925 ordinary 1p shares in issue. On 30 June 2006 options over 654,792 ordinary 1p shares were exercised increasing the issued share capital of the Company to 95,026,717 ordinary 1p shares. On 29 September 2006 options over 33,895 ordinary 1p shares were exercised. On 4 December 2006 options over 229,320 ordinary 1p shares were exercised. On 21 December 2006 options over 429,500 ordinary 1p shares were exercised. At 31 March 2007 there were 95,719,432 ordinary 1p shares in issue.

	Shares in issue 31.3.07 Number	Share capital 31.3.07 £000	Shares in issue 31.3.06 Number	Share capital 31.3.06 £000
Ordinary shares				
At 1 April	94,371,925	944	18,101,164	905
New shares issued	1,347,507	13	323,221	16
At 31 August 2006	–	–	18,424,385	921
1 September 2006 share split – five 1p shares for each one 5p share	–	–	92,121,925	921
New shares issued	–	–	2,250,000	23
At 31 March	95,719,432	957	94,371,925	944
Preference shares				
At 1 April	–	–	612,704	2,451
New shares issued	–	–	–	–
Shares purchased	–	–	(612,704)	(2,451)
At 31 March	–	–	–	–
Deferred shares				
At 1 April	212,145,300	265	212,145,300	265
New shares issued	–	–	–	–
Shares purchased	–	–	–	–
At 31 March	212,145,300	265	212,145,300	265

26. Share options

Share options At 31 March 2007 unexercised options over 1,956,070 (2006: 3,655,510) new ordinary 1p shares in the Company and 3,964,695 (2006: 6,234,695) purchased ordinary 1p shares held by the ESOP had been granted to directors and employees under the Company's share option schemes. During the period no new options were granted. Options over 1,699,440 new ordinary 1p shares and 2,270,000 purchased ordinary 1p shares were exercised. In order that the dilutive effect of issuing new shares be reduced, and to reduce the number of shares required by the ESOP to satisfy share awards, the Company agreed with employees that the number of shares required on the exercise of options be reduced. To ensure that employees were not disadvantaged by this reduction, the exercise prices applied on the exercise of the options were correspondingly reduced. The effect of the reductions to the exercise prices was to reduce the weighted average exercise price from 105p to 3p. These reductions in exercise prices were not applied to options exercised in accordance with the Helical Bar 1999 Approved Share Option Scheme.

Share options exercised	Original subscription options	Original purchase options	Original total	Reduced subscription options	Reduced purchase options	Reduced total
30 June 2006	857,210	25,000	882,210	654,792	19,097	673,889
29 September 2006	33,895	–	33,895	33,895	–	33,895
4 December 2006	285,000	1,245,000	1,530,000	229,320	946,930	1,176,250
21 December 2006	523,335	1,000,000	1,523,335	429,500	770,500	1,200,000
	1,699,440	2,270,000	3,969,440	1,347,507	1,736,527	3,084,034

	Exercise price per share pence	Number of shares	Date from which exercisable	Expiry date of options
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Helical Bar 1999 Share Option Scheme

Subscription options

Options granted:

– 8 March 1999	88.5	1,349,980	8 Mar 2005	7 Mar 2009
– 8 January 2001	156.0	150,000	8 Jan 2007	7 Jan 2011
– 21 November 2002	141.5	299,310	21 Nov 2007	20 Nov 2012

Purchase options

Options granted:

– 18 December 2000	150.0	2,645,000	18 Dec 2006	17 Dec 2010
– 8 January 2001	156.0	170,510	8 Jan 2007	7 Jan 2011
– 15 November 2001	153.3	1,149,185	15 Nov 2007	14 Nov 2011

Helical Bar 1999 Approved Share Option Scheme

Subscription options

Options granted:

– 8 March 1999	88.5	135,580	8 Mar 2003	7 Mar 2009
– 21 November 2002	141.5	21,200	21 Nov 2006	20 Nov 2012
		5,920,765		

26. Share options (continued)

Summary of share options	Number 31.3.07	Weighted average exercise price 31.3.07	Number 31.3.06	Weighted average exercise price 31.3.06
At 1 April	9,890,205	121p	14,006,310	112p
Options granted	–	–	–	–
Options exercised	(3,969,440)	3p	(4,116,105)	89p
Option expired/lapsed	–	–	–	–
At 31 March	5,920,765	135p	9,890,205	121p

27. Share-based payments

The Company provides share-based payments to employees in the form of share options, performance share plan awards and a share incentive plan. All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2005 are recognised in the financial statements. The Company uses a stochastic valuation model and the resulting value is amortised through the Income Statement over the vesting period of the share-based payments.

Share options granted after 7 November 2002

	Options	2007 Weighted average exercise price	Options	2006 Weighted average exercise price
Outstanding at beginning and end of period	320,510	141.50	320,510	141.50
	320,510		320,510	

The options outstanding at 31 March 2007 had a weighted average remaining contractual life of five years and eight months.

The input into the stochastic model of valuation of the options were as follows:

	2007	2006
Weighted average share price	146.72	146.72
Weighted average exercise price	141.50	141.50
Expected volatility	16%	16%
Expected life	6 years	6 years
Risk free rate	4.48%	4.48%
Expected dividends	1.99%	1.99%

Expected volatility was determined by calculating the historical volatility of the Company's shares over the last six years. The expected life used in the model has been adjusted, based on the Company's best estimate, for the effects of employee changes (subject to good leaver provisions), exercise restrictions and behavioural considerations.

27. Share-based payments (continued)

Performance share plan awards

	Awards	2007 Weighted average award value	Awards	2006 Weighted average award value
Outstanding at beginning of period	4,514,380	229p	2,549,760	192p
Awards made during the period	1,446,195	377p	1,964,620	277p
Outstanding at end of period	5,960,575	268p	4,514,380	229p

The performance share plan awards outstanding at 31 March 2007 had a weighted average remaining contractual life of two years nine months.

The inputs into the stochastic model of valuation of the PSP awards were as follows:

	2007	2006
Weighted average share price	268p	229p
Weighted average exercise price	–	–
Expected volatility	n/a	n/a
Expected life	3 years	3 years
Risk free rate	n/a	n/a
Expected dividends	1.41%	1.53%

The Company recognised total expenses of £4,578,000 (2006: £3,458,000) in relation to share-based payments.

28. Statement of changes in equity

	Share capital £000	Share premium £000	Revaluation reserve £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Own shares held £000	Total £000
Group								
At 1 April 2005	1,170	39,110	54,530	7,467	291	86,822	(6,893)	182,497
Issue of shares	39	3,380	–	–	–	–	–	3,419
Revaluation surplus	–	–	30,364	–	–	(30,364)	–	–
Realised on disposals	–	–	(20,074)	–	–	20,074	–	–
Total recognised income	–	–	–	–	–	47,430	–	47,430
Dividends paid	–	–	–	–	–	(3,127)	–	(3,127)
Minority interest	–	–	–	–	–	124	–	124
Purchase of shares	–	–	–	11	–	(11)	(472)	(472)
Share options exercised	–	–	–	–	–	–	226	226
Performance share plan	–	–	–	–	–	3,128	–	3,128
Provision for ESOP purchase	–	–	–	–	–	(3,128)	–	(3,128)
At 31 March 2006	1,209	42,490	64,820	7,478	291	120,948	(7,139)	230,097
Issue of shares	13	30	–	–	–	–	–	43
Revaluation surplus	–	–	30,552	–	–	(30,552)	–	–
Realised on disposals	–	–	(15,708)	–	–	15,708	–	–
Total recognised income	–	–	–	–	–	52,064	–	52,064
Dividends paid	–	–	–	–	–	(3,615)	–	(3,615)
Minority interest	–	–	–	–	–	(300)	–	(300)
Purchase of shares	–	–	–	–	–	–	(5,155)	(5,155)
Share options exercised	–	–	–	–	–	–	71	71
Performance share plan	–	–	–	–	–	8,981	–	8,981
Own shares held	–	–	–	–	–	(6,228)	6,228	–
At 31 March 2007	1,222	42,520	79,664	7,478	291	157,006	(5,995)	282,186

The adjustment to retained earnings of £8,981,000 (2006: £3,128,000) adds back the share-based payments charge, in accordance with IFRS 2 Share-Based Payments. In 2006 the Group made a provision of £3,128,000 in respect of future purchases of shares by the ESOP in anticipation of the vesting of share awards under the Group's Performance Share Plan. Following the purchase of shares by the ESOP in the period this provision has been released.

Notes:

Share capital – represents the nominal value of issued share capital.

Share premium – represents the excess of value of shares issued over their nominal value.

Revaluation reserve – represents the surplus of fair value of investment properties over their historic cost.

Capital redemption reserve – represents amounts paid to purchase issued shares for cancellation at their nominal value.

Retained earnings – is distributable and represents the accumulated profit of the Group.

Own shares held – represents the shares purchased by the Helical Bar Employees' Share Ownership Plan Trust.

28. Statement of changes in equity (continued)

Company	Share capital £000	Share premium £000	Revaluation reserve £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Own shares held £000	Total £000
At 1 April 2005	1,170	39,110	–	7,467	1,987	38,741	(6,893)	81,582
Issue of shares	39	3,380	–	–	–	–	–	3,419
Total recognised income	–	–	–	–	–	62,715	–	62,715
Dividends paid	–	–	–	–	–	(3,127)	–	(3,127)
Shares purchased	–	–	–	11	–	(11)	(472)	(472)
Share options exercised	–	–	–	–	–	–	226	226
At 31 March 2006	1,209	42,490	–	7,478	1,987	98,318	(7,139)	144,343
Issue of shares	13	30	–	–	–	–	–	43
Total recognised income	–	–	–	–	–	71,751	–	71,751
Dividends paid	–	–	–	–	–	(3,615)	–	(3,615)
Shares purchased	–	–	–	–	–	–	(5,155)	(5,155)
Share options exercised	–	–	–	–	–	–	71	71
Own shares held	–	–	–	–	–	(6,228)	6,228	–
At 31 March 2007	1,222	42,520	–	7,478	1,987	160,226	(5,995)	207,438

29. Own shares held

Following approval at the 1997 Annual General Meeting the Company established the Helical Bar Employees' Share Ownership Plan Trust (the "Trust") to be used as part of the remuneration arrangements for employees. The purpose of the Trust is to facilitate and encourage the ownership of shares by or for the benefit of employees by the acquisition and distribution of shares in the Company.

The Trust purchases shares in the Company to satisfy the Company's obligations under its Share Option Schemes and Performance Share Plan.

At 31 March 2007 the Trust held 5,174,701 (2006: 5,648,080) ordinary 1p shares in Helical Bar plc.

At 31 March 2007 options over 3,964,695 (2006: 6,234,695) ordinary 1p shares in Helical Bar plc had been granted through the Trust. At 31 March 2007 awards over 5,960,675 (2006: 4,514,380) ordinary 1p shares in Helical Bar plc had been made under the terms of the Performance Share Plan.

30. Contingent liabilities

The Company has entered into cross guarantees in respect of the banking facilities of its subsidiaries.

Other than these contingent liabilities there were no contingent liabilities at 31 March 2007 (2006: nil).

31. Net assets per share

	31.3.07 £000	Number of shares 000s	31.3.07 pence per share	31.3.06 £000	Number of shares 000s	31.3.06 pence per share
Net asset value	282,186	95,719		230,097	94,372	
Less: own shares held by ESOP	–	(5,174)		–	(5,648)	
deferred shares	(265)			(265)	–	
Basic net asset value	281,921	90,545	311	229,832	88,724	259
Add: unexercised share options	2,002	1,956		3,506	3,655	
Diluted net asset value	283,923	92,501	307	233,338	92,379	253
Adjustment for:						
– fair value of financial instruments	(345)			427		
– deferred tax on capital allowances	2,168			2,175		
– deferred tax on capital gains	23,555			20,927		
Adjusted diluted net asset value	309,301	92,501	334	256,867	92,379	278
Adjustment for:						
– fair value of trading properties	36,480			28,704		
Diluted EPRA net asset value	345,781	92,501	374	285,571	92,379	309
Adjustment for:						
– fair value of financial instruments	345			(427)		
– deferred tax on capital allowances	(2,168)			(2,175)		
– deferred tax on capital gains	(23,555)			(20,927)		
Diluted EPRA NNNNAV	320,403	92,501	346	262,042	92,379	284

The net asset values per share have been calculated in accordance with the best practice recommendations of the European Public Real Estate Association (“EPRA”).

32. Related party transactions

At 31 March 2007 and 31 March 2006 the following amounts were due from the Group's joint ventures

	At 31.3.07 £000	At 31.3.06 £000
Abbeygate Helical (Leisure Plaza) Ltd	889	572
Abbeygate Helical (Winterhill) Ltd	(864)	(895)
Abbeygate Helical (C4.1) LLP	(636)	–
Grosvenor Hill (Sprucefield) Ltd	(17)	(4)
Shirley Advance LLP	4,112	3,921
The Asset Factor Ltd	551	119

At 31 March 2007 and 31 March 2006 there were the following balances between the Company and its subsidiaries.

	At 31.3.07 £000	At 31.3.06 £000
Amounts due from subsidiaries	346,766	301,370
Amounts due to subsidiaries	159,003	180,923

During the years to 31 March 2007 and 31 March 2006 there were the following transactions between the Company and its subsidiaries:

	Year ended 31.3.07 £000	Year ended 31.3.06 £000
Management charges receivable	3,863	2,513
Management charges payable	620	–
Interest receivable	9,482	6,358
Interest payable	–	–

All of these transactions, and the year end balance sheet amounts arising from these transactions were conducted on an arm's length basis and on normal commercial terms.