

# Notes to the Financial Statements

## 31. Share-based payments continued

The amount recognised in staff costs for share-based payment transactions with employees may be summarised as follows:

|  | Group      |            |
|--|------------|------------|
|  | 2007<br>£m | 2006<br>£m |
| Sharesave Scheme                       | 0.6        | 0.5        |
| Employees' Restricted Share Bonus Plan | 0.1        | 0.1        |
| Performance Share Plan                 | -          | 0.1        |
| Executive Incentive Plan               | 3.9        | 3.9        |
|  | <b>4.6</b> | <b>4.6</b> |

The fair value of the shares for the arrangements in which shares are granted was based on the quoted share price.

## 32. Capital commitments

| At 31 December  | Group and Company |            |
|---|-------------------|------------|
|   | 2007<br>£m        | 2006<br>£m |
| Capital expenditure contracted for but not provided for | 6.6               | 1.1        |

## 33. Operating lease commitments

| At 31 December  | Group and Company |             |
|---|-------------------|-------------|
|   | 2007<br>£m        | 2006<br>£m  |
| The amounts of rentals payable under non-cancellable operating leases are as follows: |                   |             |
| Payable in less than one year   | 8.1               | 7.6         |
| Payable in between one and five years   | 27.3              | 24.5        |
| Payable after more than five years  | 35.9              | 35.9        |
| Total payable   | <b>71.3</b>       | <b>68.0</b> |

These operating leases relate to land and buildings and equipment.

## 34. Other commitments

| At 31 December                      | Group      |            | Company    |            |
|-------------------------------------|------------|------------|------------|------------|
|                                     | 2007<br>£m | 2006<br>£m | 2007<br>£m | 2006<br>£m |
| Irrevocable undrawn loan facilities | 1,900.7    | 2,305.7    | 75.7       | 522.0      |

Irrevocable undrawn loan facilities include lifetime mortgages for which the commitment reflects an estimate of the interest expected to roll up on the loans until redemption; there is no commitment to advance further cash in respect of these loans.

The Company has provided a number of financial guarantees to other Group companies. The Directors do not expect any claims to be made against the Company under these guarantees and hence no provision has been made.

## 35. Events after the Balance Sheet date

As shown in note 8, on 12 February 2008 the Directors proposed the payment of a dividend of 14.3 pence per share. On 25 January 2008, £645.9m was received in respect of the asset sale described in note 2.

## 36. Related party disclosures

The key management personnel of the Group and Company are the Company's Executive and Non-Executive Directors and senior managers. The Group and Company have related party relationships with the key management personnel and with the Group's pension schemes. In addition, the Company has related party relationships with its subsidiary undertakings; the Company's principal subsidiaries are listed in note 15, and transactions between the Company and its subsidiaries are on 'arms' length' terms.

A summary of the remuneration of the key management personnel is as follows; these amounts include the remuneration of the Directors which is set out in detail on pages 33 to 39. This gives details of the Company's Directors' salaries, fees, pension entitlements, share options, share plans, other incentives and other benefits. Further details of the accounting treatment of pensions are given in note 25, and further details of the accounting treatment of share-based payments in note 31. The Directors' interests in the Company's shares are shown on page 24, and the Directors were paid the declared dividends in respect of those shares.

Details of the Group's and Company's transactions and balances with the Group's pension schemes are given in note 25. There were no amounts due to or from the schemes at 31 December 2007 (2006: £nil).

| Group and Company                      | 2007<br>£000 | 2006<br>£000 |
|--|--------------|--------------|
| Salaries and other short-term benefits | 4,144        | 3,850        |
| Termination benefits                   | -            | 434          |
| Post-employment benefits               | 98           | 226          |
| Share-based payment                    | 1,731        | 1,425        |
| Total (included within note 5)         | <b>5,973</b> | <b>5,935</b> |