

## Notes to the consolidated financial statements

### 10 Finance income and finance expense

Continuing	Notes	Year to 31 March	
		2009 £m	2008 £m
<b>Finance income</b>			
Interest receivable		27	34
Net finance income arising on defined benefit retirement schemes:			
– interest cost	31	–	(67)
– expected return on plan assets	31	–	71
<b>Total finance income</b>		<b>27</b>	<b>38</b>
<b>Finance expense</b>			
Interest payable on bank borrowings		(15)	(6)
Interest payable on other borrowings		(55)	(69)
Net finance expense arising on defined benefit retirement schemes:			
– interest cost	31	(79)	–
– expected return on plan assets	31	76	–
Unwinding of discounts in provisions		(1)	(1)
Finance lease charges		(3)	(3)
Fair value gains on interest-related derivative financial instruments:			
– Interest rate swaps – fair value hedges		30	16
– Derivatives not designated as hedges		1	1
Fair value adjustment of borrowings attributable to interest rate risk		(32)	(18)
<b>Total finance expense</b>		<b>(78)</b>	<b>(80)</b>
<b>Net finance expense</b>		<b>(51)</b>	<b>(42)</b>

Finance expense is shown net of borrowing costs capitalised into the cost of assets of £11 million (2008 – £8 million) at a capitalisation rate of 5.0% (2008 – 5.4%).

Interest payable on other borrowings includes £0.2 million (2008 – £0.2 million) of dividends in respect of the Group's 6.5% cumulative preference shares.

#### Discontinued

Included within the loss for the year in relation to discontinued operations (Note 12) is net finance expense of £2 million (2008 – net finance income of £1 million).

### 11 Income tax expense

#### Analysis of charge for the year

Continuing	Year to 31 March	
	2009 £m	2008 £m
<b>Current tax:</b>		
– In respect of the current year		
– UK	–	–
– Overseas	70	87
– Adjustments in respect of previous years	(14)	(4)
	<b>56</b>	<b>83</b>
<b>Deferred tax</b>	<b>(37)</b>	<b>(7)</b>
<b>Income tax expense</b>	<b>19</b>	<b>76</b>

The income tax expense on continuing operations in the year to 31 March 2009 of £19 million (2008 – £76 million) includes a credit of £44 million in respect of exceptional items (2008 – £5 million credit).

#### Discontinued

The income tax expense in respect of discontinued operations (Note 12) in the year to 31 March 2009 is £1 million (2008 – £16 million).