

Notes to the consolidated financial statements

35 Net debt (continued)

Movements in the Group's net debt are as follows:

	2009 £m	2008 £m
Balance at 1 April	(1 041)	(900)
Increase/(decrease) in cash and cash equivalents in the year	229	(32)
Cash outflow/(inflow) from decrease/(increase) in borrowings	16	(128)
Borrowings arising on acquisitions	-	(2)
Debt transferred on disposal of subsidiaries	8	55
Decrease/(increase) in net debt resulting from cash flows	253	(107)
Inception of finance leases	(1)	(2)
Trade finance recognised as debt	(55)	-
Fair value and other movements	(9)	-
Exchange differences	(378)	(32)
Increase in net debt in the year	(190)	(141)
Balance at 31 March	(1 231)	(1 041)

36 Contingent liabilities

	31 March	
	2009 £m	2008 £m
Guarantees of loans and overdrafts of joint ventures and associates	9	14
Trade guarantees	22	29

In addition to the above we have guaranteed the obligations of certain joint ventures to Payment Agencies in connection with Restructuring Aid. The Group's share of these guarantees is £66 million (2008 – £nil million).

Other trade guarantees have been given in the normal course of business by the Group at both 31 March 2009 and 31 March 2008. These are excluded from the figures given above and are in respect of Revenue and Customs and the Rural Payments Agency for Agricultural Produce bonds, ECGD recourse agreements, letters of credit and tender and performance bonds.

The Group is subject to claims and litigation generally arising in the ordinary course of its business, some of which are for substantial amounts. All such actions are strenuously defended but provision is made for liabilities that are considered likely to arise on the basis of current information and legal advice and after taking into account the Group's insurance arrangements.

While there is always uncertainty as to the outcome of any claim or litigation, it is not expected that claims and litigation existing at the balance sheet date will have a material adverse effect on the Group's financial position.

37 Commitments

Capital commitments

	31 March	
	2009 £m	2008 £m
Commitments for the acquisition of property, plant and equipment	29	69

Operating lease arrangements

Operating lease payments represent rentals payable by the Group for certain of its land, buildings, plant and equipment. Certain operating lease agreements allow for renewal at the end of the original term at the option of the Group.

At the balance sheet date the Group has outstanding commitments under non-cancellable operating leases which, fall due as follows:

	31 March	
	2009 £m	2008 £m
Within one year	34	32
Later than one year and no later than five years	105	98
After five years	98	98
	237	228