

26 Analysis of net debt

References to net debt refer to the total borrowings of the Group, including both short term and long term bank loans, bonds, loan notes and finance leases, after offsetting the cash and cash equivalents of the business and short term investments. Net debt will also include the proportion of the fair value of the currency swaps hedging the balance sheet value of the Group's US Dollar denominated loan notes.

The table below reconciles net debt:

	2009 £m	2008 £m
Cash and cash equivalents	60.8	72.9
Trading investments	0.1	0.1
Bank loans, overdrafts and loan notes due within one year	(9.9)	(0.3)
Finance leases	(0.5)	(0.8)
Revolving credit facility 2010	(115.0)	(130.0)
Senior loan notes 2012–2017	(162.0)	(131.6)
Currency element of fair value of swaps hedging the Group's US Dollar denominated loan notes	19.8	(10.5)
Net debt	(206.7)	(200.2)

Net debt

Net debt is not a defined term under IFRS and may not therefore be comparable with other similarly titled non-IFRS debt measures reported by other companies. The Group adopts this measure because it is used in calculating the banking covenants. It is also the measure used for internal debt analysis. In addition, the net debt balance provides an indication of the net borrowings on which the Company is required to pay interest.

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27 Deferred taxation assets/(liabilities)

	2009 £m	2008 £m
UK deferred tax asset	17.1	–
UK deferred tax liability	–	(12.4)
Overseas deferred tax liability	(2.0)	(2.3)
Net deferred tax asset/(liability)	15.1	(14.7)

IAS 12 'Income taxes' permits the offsetting of balances within the same tax jurisdiction. All of the deferred tax assets which have been offset are available for offset against deferred tax liabilities in their respective tax jurisdictions.

A reconciliation of the net asset/(liability) is shown below:

	Retirement benefit obligation £m	Other employee benefits £m	Accelerated tax depreciation £m	Revaluation of buildings £m	Other £m	Total £m
At start of prior period	6.5	1.9	2.1	(1.1)	–	9.4
(Charged)/credited to income statement in prior period	(7.8)	(0.3)	(3.1)	–	0.3	(10.9)
Restructuring items	(1.8)	–	2.4	–	–	0.6
Acquisition of subsidiaries and businesses	–	–	(0.8)	–	–	(0.8)
(Charged)/credited to equity	(12.8)	(0.1)	–	0.1	–	(12.8)
Exchange differences	0.1	–	(0.3)	–	–	(0.2)
At start of period	(15.8)	1.5	0.3	(1.0)	0.3	(14.7)
(Charged)/credited to income statement	(3.1)	0.3	–	–	–	(2.8)
Restructuring items	(1.6)	–	6.7	–	–	5.1
Movement on deferred tax due to change in legislation	–	–	(12.5)	–	–	(12.5)
Credited to equity	40.1	0.3	–	–	–	40.4
Exchange differences	0.1	–	(0.5)	–	–	(0.4)
At end of period	19.7	2.1	(6.0)	(1.0)	0.3	15.1
UK deferred tax asset/(liability)	18.7	2.1	(3.0)	(1.0)	0.3	17.1
Overseas deferred tax asset/(liability)	1.0	–	(3.0)	–	–	(2.0)
Net deferred tax asset/(liability)	19.7	2.1	(6.0)	(1.0)	0.3	15.1

The movement on deferred tax due to the change in legislation arose from the amendments to the industrial buildings allowance regime which were substantively enacted in the Finance Act 2008.

The movement on the retirement benefit obligation of £40.1m (2007/08: £12.8m) relates to the actuarial loss on the retirement benefit obligation. See note 35 for further details.

At the balance sheet date, the aggregate amount of temporary differences associated with unremitted earnings of subsidiaries for which deferred tax liabilities have not been recognised is £19.3m (2007/08: £17.4m). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

No deferred tax has been provided on capital losses totalling £151.9m at 28 March 2009 (2007/08: £155.5m) as it is uncertain when these losses will be utilised against future taxable gains. The unprovided deferred tax asset on these losses is £42.5m (2007/08: £43.5m).

28 Share capital

	2009 number (m)	2009 £m	2008 number (m)	2008 £m
Authorised ordinary shares of 25p each	760.0	190.0	760.0	190.0
Allotted, called up and fully paid ordinary shares of 25p each:				
At start of period	514.2	128.6	514.2	128.6
At end of period	514.2	128.6	514.2	128.6

The Company has one class of ordinary shares which carry no right to fixed income.

During both the current and prior period, the Company did not issue any shares.

29 Reserves

	Share premium account £m	Capital redemption reserve £m	Reserve for own shares £m	ESOT reserve £m	Hedging and translation reserve £m	Other reserves £m	Accumulated deficit £m
At start of prior period	65.1	23.6	(34.2)	(4.2)	4.9	4.2	(66.8)
Net profit for period	-	-	-	-	-	-	34.5
Dividends	-	-	-	-	-	-	(21.0)
Actuarial gains on defined benefit pension schemes net of deferred tax	-	-	-	-	-	-	22.5
Purchase of shares for ESOT	-	-	-	(4.1)	-	-	-
Purchase of treasury shares	-	-	(5.3)	-	-	-	-
Equity settled incentive schemes net of deferred tax	-	-	-	-	-	1.0	-
Exchange differences	-	-	-	-	13.0	-	-
Increase in fair value of cash flow hedge	-	-	-	-	2.4	-	-
Transfer to profit or loss on cash flow hedge	-	-	-	1.1	-	-	-
Other movements	-	-	-	-	-	-	0.1
At start of period	65.1	23.6	(39.5)	(8.3)	21.4	5.2	(30.7)
Net profit for period	-	-	-	-	-	-	2.5
Dividends	-	-	-	-	-	-	(20.7)
Actuarial losses on defined benefit pension schemes net of deferred tax	-	-	-	-	-	-	(103.0)
Purchase of shares for ESOT	-	-	-	(0.5)	-	-	-
Purchase of treasury shares	-	-	(11.0)	-	-	-	-
Equity settled incentive schemes net of deferred tax	-	-	-	-	-	3.0	-
Exchange differences	-	-	-	-	16.9	-	-
Increase in fair value of cash flow hedge	-	-	-	-	34.0	-	-
Transfer to profit or loss on cash flow hedge	-	-	-	-	(32.5)	-	-
Other movements	-	-	-	-	-	(0.2)	0.2
At end of period	65.1	23.6	(50.5)	(8.8)	39.8	8.0	(151.7)

Share premium account

The share premium account represents amounts received in excess of the nominal value of shares on issue of new shares.

Capital redemption reserve

The capital redemption reserve arose on the repurchase and cancellation of ordinary shares.

Reserve for own shares

The reserve for own shares held by the Group represents the shares in the Company held in treasury. The number of shares held in treasury at the balance sheet date was 45,461,961 (2007/08: 27,971,846).

ESOT reserve

The ESOT holds shares which are primarily used to satisfy awards made under long term incentive plans. The number of shares held in the ESOT at the balance sheet date was 7,682,843 (2007/08: 6,697,363).

Hedging and translation reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

The translation element of the reserve records exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Other reserves

Other reserves primarily represent the equity component of share based payment arrangements and the remaining revaluation reserve from when the Group accounted under UK GAAP.

Accumulated deficit

The accumulated deficit comprises the Group's annual profits and losses, actuarial gains and losses on the defined benefit pension schemes and dividend payments.

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30 Reconciliation of net cash from operating activities

	Notes	2009 £m	2008 £m
Profit from operations – continuing operations	5	17.3	43.7
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of other intangible assets	14, 15	39.3	41.7
Impairment of property, plant and equipment	15	24.0	1.5
Loss on disposal of property, plant and equipment		0.1	0.3
Increase/(decrease) in provisions	22	1.3	(5.4)
Change in retirement benefit obligation excluding special pension contributions		(2.5)	2.0
Equity settled incentive scheme		2.7	1.1
Grants and other non-cash movements		(1.5)	(0.9)
Operating cash flow before movement in working capital and special pension contributions		80.7	84.0
Special pension contributions		–	(22.0)
Operating cash flow before movement in working capital		80.7	62.0
Movement in inventories		1.3	1.5
Movement in trade and other receivables		(2.8)	3.7
Movement in trade and other payables		(8.5)	(16.8)
Cash from operations		70.7	50.4
Interest paid		(15.6)	(14.9)
Net taxation paid		(1.0)	(3.0)
Net cash from operating activities		54.1	32.5