30 Financial risk management objectives and policies

Financial risk factors and management

The Group's multinational operations and debt levels expose it to a variety of financial risks, of which the most material are market risks relating to fuel prices, foreign currency exchange rates, interest rates and the availability of funding at reasonable margins. The Group has in place a risk management programme that seeks to manage the impact of these risks on the financial performance of the Group by using financial instruments including borrowings, committed facilities and forward exchange, fuel price and interest rate derivatives.

The Board of Directors has delegated to a sub-committee, the Treasury Committee, the responsibility for implementing the risk management policies laid down by the Board. The Treasury Committee provides assurance to the Board that the Group's financial risk profile including financial risk identification and measurement is in accordance with the Group's policies and procedures for Group Treasury. The policies are implemented by the Group Treasury department which receives regular reports from all the operating companies to enable prompt identification of financial risks so that appropriate actions may be taken.

Foreign currency

The Group has major foreign operations in the US, Canada and Spain and as a result is exposed to the movements in foreign currency exchange rates on the translation of these foreign currency denominated net assets and earnings. These movements can have a significant impact on the Group's reported results. The Group seeks to manage this foreign currency exchange movements risk by aligning its foreign currency denominated liabilities with the EBIT generated in each currency, such that some protection is afforded to the net debt: EBITDA covenant within the Group's core borrowing facility. This is achieved by a combination of foreign currency borrowings and finance leases, and entering into derivative financial instruments such as cross currency interest rate swaps and foreign exchange swaps. At the year end, the Group had outstanding foreign exchange derivatives of €275.0m, US$85.0m, a cross-currency interest rate swap of US$85.0m and finance leases of US$141.7m and €20.1m.

Derivative financial instruments are designated as net investment hedges of foreign currency assets. The effective portion of the gain or loss on the hedge is recognised in the statement of comprehensive income and recycled to the income statement at the same time as the underlying hedged net assets affect the income statement. Any ineffectiveness is taken to the income statement.

The table below demonstrates the sensitivity of the Group's financial instruments to a reasonably possible change in foreign exchange rates, with all other variables held constant. This would affect the Group's profit before tax and translation reserve. The effect on the translation reserve represents the movement in the translated value of the foreign currency denominated loans and change in fair value of cross-currency swap contracts. These movements would be offset by an opposite movement in the translated value of the Group's overseas net investments. It is estimated that a 10% change in the corresponding exchange rates would result in an exchange gain or loss in the translation reserve of £37.3m.

		2010		2009	
As at 31 December	Strengthening/ (weakening) in currency	**Effect on profit before tax £m**	**Effect on translation reserve £m**	Effect on profit before tax £m	Effect on translation reserve £m
US dollar	10%	**–**	**(15.5)**	–	(4.8)
Euro	10%	**–**	**(21.7)**	–	(21.8)
Canadian dollar	10%	**–**	**(0.1)**	–	–
US dollar	(10%)	**–**	**15.5**	–	4.8
Euro	(10%)	**–**	**21.7**	–	21.8
Canadian dollar	(10%)	**–**	**0.1**	–	–

30 Financial risk management objectives and policies continued

Interest rate risk

The Group is exposed to movements in interest rates on both interest-bearing assets and liabilities. It is the Group's policy to maintain an appropriate balance between fixed and floating interest rates on borrowings in order to provide a level of certainty to interest expense in the short term and to reduce the year on year impact of interest rate fluctuations over the medium term. To achieve the desired fixed/floating ratio, the Group has entered into a series of interest rate swaps that have the effect of converting fixed rate debt to floating rate debt. The net effect of these transactions was that as at 31 December 2010 the proportion of Group net debt at floating rates was 19.6% (2009: 45.3%).

The table below demonstrates the sensitivity of the Group's financial instruments to a reasonably possible change in interest rates, with all other variables held constant, on the Group's profit before tax and on the Group's hedging reserve.

The sensitivity analysis covers all floating rate financial instruments, including the interest rate swaps. If the interest rates applicable to floating rate instruments denominated in Sterling were increased by 100bps, it is estimated that the Group's profit before taxation would decrease by approximately £1.8m. If the interest rates applicable to floating rate instruments denominated in US$ were increased by 50bps, it is estimated that the Group's profit before taxation would increase by approximately £0.1m. If the interest rates applicable to floating rate instruments denominated in Euro were increased by 75bps, it is estimated that the Group's profit before taxation would increase by approximately £0.2m. The analysis assumes that the amount and mix of floating rate debt, including finance leases, remains unchanged from that in place at 31 December 2010.

			2010		2009
As at 31 December	Increase/ (decrease) in basis points	**Effect on profit before tax £m**	**Effect on hedging reserve £m**	Effect on profit before tax £m	Effect on hedging reserve £m
Sterling	100	**(1.8)**	**–**	(4.0)	–
US dollars	50	**0.1**	**–**	0.4	–
Euro	75	**0.2**	**–**	0.2	–
Sterling	(100)	**1.8**	**–**	4.0	–
US dollars	(50)	**(0.1)**	**–**	(0.4)	–
Euro	(75)	**(0.2)**	**–**	(0.2)	–

30 Financial risk management objectives and policies continued

Commodity prices

The Group is exposed to movements in commodity prices as a result of its fuel usage. It is the Group's policy to hedge this exposure in order to provide a level of certainty as to its cost in the short term and to reduce the year on year impact of price fluctuations over the medium term. This is achieved by entering into fuel derivatives. At 31 December 2010, the Group had hedged approximately 93% of its 2011 expected usage, 50% of its expected usage in 2012 and 15% of its expected usage in 2013.

The table below demonstrates the effect of a reasonably possible variation in fuel prices, with all other variables held constant, on the fair value of the Group's financial instruments and accordingly on the Group's profit before tax and on the Group's hedging reserve.

The sensitivity analysis includes all fuel price derivatives. The effect on the hedging reserve arises through movements on the fair value of the Group's fuel price derivatives. For these derivative contracts the sensitivity of the net fair value to an immediate 20% increase or decrease in all prices would have been £37.3m at 31 December 2010. The figure does not include any corresponding economic advantage or disadvantage that would arise from the natural business exposure which would be expected to offset the gain or loss on the derivatives.

As at 31 December	Increase/ (decrease) in price	**2010** Effect on profit before tax £m	**2010** Effect on hedging reserve £m	2009 Effect on profit before tax £m	2009 Effect on hedging reserve £m
Sterling denominated ULSD	20%	**–**	**13.5**	–	9.3
US dollar denominated gasoil	20%	**–**	**11.6**	–	7.3
Euro denominated ULSD	20%	**–**	**12.2**	–	11.3
Sterling denominated ULSD	(20%)	**–**	**(13.5)**	–	(9.3)
US dollar denominated gasoil	(20%)	**–**	**(11.6)**	–	(7.3)
Euro denominated ULSD	(20%)	**–**	**(12.2)**	–	(11.3)

Credit risk

The maximum credit risk exposure of the Group is the gross carrying value of each of its financial assets. This risk is mitigated by a number of factors. Many of the Group's principal customers, suppliers and financial institutions with which it conducts business are public (or quasi-public) bodies, both national (DfT Rail and Network Rail in the UK) and local (school boards in North America, municipal authorities in Spain and Morocco, Transport for London and Centro in the UK). The Group does not consider these counterparties to pose a significant credit risk. Outside of this the Group does not consider it has significant concentrations of credit risk. The Group has implemented policies that require appropriate credit checks on potential customers before sales commence.

The counterparties for financial assets other than investments and trade receivables are subject to pre-approval by the Treasury Committee and such approval is limited to financial institutions with an A credit rating or better. The amount of exposure to any individual counterparty is subject to a limit, which is set by the Treasury Committee.

The only elements of the Group's financial assets which are not impaired but are past due are certain trade receivable items. An ageing of the assets which are past due is included in the table below. In terms of trade receivables that are neither impaired nor past due, there are no indications as at the year-end reporting date that the debtors will not meet their payment obligations.

	Carrying amount £m	Of which: neither impaired nor past due £m	Of which: not impaired and past due in the following periods Less than 30 days £m	Between 30 and 60 days £m	Between 61 and 90 days £m	Over 90 days £m
Trade receivables at 31 December 2010	**140.7**	**104.7**	**12.8**	**4.4**	**4.0**	**14.8**
Trade receivables at 31 December 2009	154.0	67.0	44.1	10.8	4.4	27.7

30 Financial risk management objectives and policies continued

Liquidity risk

The Group's liquidity risk is managed centrally by the Group Treasury department with operating units forecasting their cash requirements. The Group actively maintains a mixture of long-term and medium-term committed facilities that are designed to ensure the Group has sufficient available funds to meet current and forecast funding requirements. In managing the liquidity risk, the Group has access to a range of funding sources through the banking and capital markets.

At 31 December 2010, the Group had committed bank borrowing and finance lease facilities of £631.6m (2009: £1,066.7m) of which £420.6m (2009: £318.6m) were undrawn. The reduction in committed facilities follows the issue of a seven year, £350m Sterling bond and a ten year, £225m Sterling bond. Proceeds from the bond issues were used to repay the Euro bank loan facility of €270m and outstanding amounts on the Group's £800m syndicated credit facility. In July 2010 the Group's £800m credit facility (maturity June 2011) was refinanced with a £500m syndicated credit facility (maturity 31 August 2014). This reduced excess headroom following the issue of the Sterling bonds and provided a longer term facility to the Group.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2010 based on the contractual undiscounted cash flows including interest cash flows. As such the amounts in this table will not agree to the carrying amounts disclosed in the Balance Sheet or other Notes. The table includes cash outflows associated with derivative hedging instruments. Their amounts reflect the maturity profile of the fair value liability where the instrument will be settled net, and the gross settlement amount where the pay leg of a derivative will be settled separately to the receive leg.

Year ended 31 December 2010	**On demand £m**	**Less than 1 year £m**	**1–5 years £m**	**> 5 years £m**	**Total £m**
Bank loans	**–**	**1.6**	**47.7**	**–**	**49.3**
Bonds	**–**	**36.8**	**147.1**	**693.3**	**877.2**
Finance lease obligations	**–**	**28.3**	**83.1**	**38.5**	**149.9**
Other debt payable	**–**	**0.4**	**1.2**	**0.2**	**1.8**
Net interest rate swaps	**–**	**–**	**–**	**1.2**	**1.2**
Fuel price swaps	**–**	**3.7**	**6.4**	**–**	**10.1**
Foreign exchange forward contracts	**–**	**10.4**	**–**	**–**	**10.4**
Trade and other payables	**–**	**390.7**	**21.5**	**–**	**412.2**
ICRRL onerous contract obligation	**–**	**9.0**	**9.2**	**–**	**18.2**
	–	**480.9**	**316.2**	**733.2**	**1,530.3**

Year ended 31 December 2009	On demand £m	Less than 1 year £m	1–5 years £m	> 5 years £m	Total £m
Bank loans	–	248.7	451.7	0.2	700.6
Finance lease obligations	–	20.6	52.5	12.0	85.1
Other debt payable	–	–	1.2	–	1.2
Net interest rate swaps	–	28.3	–	–	28.3
Fuel price swaps	–	11.9	6.0	–	17.9
Foreign exchange forward contracts	–	0.2	7.4	–	7.6
Trade and other payables	–	367.1	17.0	–	384.1
ICRRL onerous contract obligation	–	26.9	–	–	26.9
	–	703.7	535.8	12.2	1,251.7

Capital risk management

The Group seeks to adopt efficient financing structures that enable it to use its balance sheet strength to achieve the Group's objectives without putting shareholder value at risk. The Group's capital structure comprises its equity (refer to the Group Statement of Changes in Equity) and its net debt (refer to note 37). See Liquidity Risk in this section for further details of changes in debt structure during 2010.

The reduction in the Group's net debt from £657.9m to £610.4m is explained in the Operating Review. Information about the financial covenants in relation to the Group's borrowing facilities is included in note 29.

31 Financial instruments (including cash, trade receivables and payables)

Fair values

The table below illustrates the fair values of all financial assets and liabilities held by the Group at 31 December 2010.

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost using the effective interest rate method and the carrying value in all cases approximates to the fair value.

Available for sale investments are non derivative assets that are either designated as available for sale, or are not classified as loans and receivables or held to maturity investments. The Group's available for sale investments have no active market, and in the absence of any other reliable external information are carried at cost or amortised cost which approximates to the fair value.

The fair value of derivatives is either determined by the third party financial institution with which the Group holds the instrument, in line with the market value of similar financial instruments or by use of valuation techniques using market data. Derivatives, other than those designated as effective hedging instruments, are classified as fair value through profit or loss and are carried on the balance sheet at their fair value with gains or losses recognised in the income statement. Derivatives designated as hedging instruments in an effective hedge are carried on the balance sheet at their fair value. For cash flow hedges and hedges of net investments in foreign operations, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in the income statement. Amounts taken to other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss or when the foreign operation is sold or partially disposed. For fair value hedges, all gains or losses are recognised in the income statement.

Derivatives are the only instrument which the Group holds at fair value. The fair value measurement of these instruments is categorised within the Level 2 (ie the fair values are derived based on observable market inputs), in accordance with IFRS 7.

The Group's bonds are held at a hybrid amortised cost with some fair value adjustment. After initial recognition at fair value, the bonds are measured at amortised cost using the effective interest rate method. A portion of the bonds are designated as the hedged item in an effective fair value hedging relationship. As such the carrying value of this portion is adjusted for changes in fair value attributable to the risk being hedged. This net carrying value will differ to the fair value depending on movements in the Group's credit risk, movements in interest rates on the un-hedged portion and unamortised fees.

All other liabilities including finance leases, banks loans, trade and other payables and other debt payable are held at amortised cost. After initial fair value recognition, these instruments are measured at amortised cost using the effective interest rate method. The carrying value of these liabilities approximates to the fair value.

Classification of financial instruments As at 31 December 2010	Loans and receivables £m	Available-for-sale assets £m	Derivatives used for hedging £m	Liabilities measured at amortised cost £m	At fair value through profit or loss £m	Total £m
Assets						
Investments	–	7.8	–	–	–	7.8
Fuel price swaps	–	–	21.3	–	–	21.3
Foreign exchange forward contracts	–	–	0.4	–	–	0.4
Interest rate swaps	–	–	3.8	–	–	3.8
Cash and cash equivalents	128.8	–	–	–	–	128.8
Trade and other receivables	232.8	–	–	–	–	232.8
	361.6	7.8	25.5	–	–	394.9
Liabilities						
Bank loans	–	–	–	(39.8)	–	(39.8)
Bonds	–	–	–	(602.5)	–	(602.5)
Finance lease obligations	–	–	–	(131.6)	–	(131.6)
Other debt payable	–	–	–	(1.8)	–	(1.8)
Interest rate swaps	–	–	(5.1)	–	–	(5.1)
Fuel price swaps	–	–	(2.0)	–	–	(2.0)
Foreign exchange forward contracts	–	–	(10.4)	–	–	(10.4)
Trade and other payables	–	–	–	(526.2)	–	(526.2)
ICRRL onerous contract obligation	–	–	–	(18.2)	–	(18.2)
	–	–	(17.5)	(1,320.1)	–	(1,337.6)

31 Financial instruments (including cash, trade receivables and payables) continued

Fair values continued

Classification of financial instruments As at 31 December 2009	Loans and receivables £m	Available-for-sale assets £m	Derivatives used for hedging £m	Liabilities measured at amortised cost £m	At fair value through profit or loss £m	Total £m
Assets						
Investments	–	7.7	–	–	–	7.7
Fuel price swaps	–	–	8.9	–	–	8.9
Foreign exchange forward contracts	–	–	–	–	0.3	0.3
Cash and cash equivalents	105.8	–	–	–	–	105.8
Trade and other receivables	209.3	–	–	–	–	209.3
	315.1	7.7	8.9	–	0.3	332.0
Liabilities						
Bank loans	–	–	–	(687.7)	–	(687.7)
Finance lease obligations	–	–	–	(75.6)	–	(75.6)
Other debt payable	–	–	–	(1.2)	–	(1.2)
Interest rate swaps	–	–	–	–	(24.2)	(24.2)
Fuel price swaps	–	–	(14.4)	–	(0.9)	(15.3)
Foreign exchange forward contracts	–	–	(7.5)	–	(0.2)	(7.7)
Trade and other payables	–	–	–	(384.1)	–	(384.1)
ICRRL onerous contract obligation	–	–	–	(26.9)	–	(26.9)
	–	–	(21.9)	(1,175.5)	(25.3)	(1,222.7)

Other receivables and other payables are to be settled in cash in the currency they are held in.

In accordance with IAS 39, 'Financial Instruments: Recognition and Measurement', the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for. No embedded derivatives have been identified.

The Group assesses at each year-end reporting date whether a financial asset or group of financial assets is impaired. In the financial year 2010 there was no objective evidence that would have necessitated the impairment of loans and receivables or available-for-sale assets except the provision for impairment of receivables (see note 22).

Hedging activities

The Group uses derivative financial instruments to manage exposures to market risk, such as movements in foreign exchange rates, fuel prices and interest rates. Such derivative financial instruments are initially recognised at fair value and are subsequently re-measured at fair value. In line with the IAS 39 the Group classifies hedges as (a) fair value hedges used to hedge exposure to changes in the fair value of a recognised asset or liability, (b) cash flow hedges used to hedge exposure to variability in cash flows associated with a recognised asset or liability or a highly probable forecast transaction, and (c) hedges of a net investment in a foreign operation.

In 2010 the Group applied cash flow hedge accounting for hedging floating fuel price risks in highly probable forecast purchase transactions and for hedging net investments in US$ and Euro foreign operations. The Group applied fair value hedge accounting for the fair value interest rate risk on £200m of the Group's fixed rate bonds.

31 Financial instruments (including cash, trade receivables and payables) continued

Hedging activities continued

The movement on derivative financial instruments is detailed below:

	Interest rate swaps £m	Foreign exchange forward contracts £m	Fuel swaps £m	Total £m
Net liability at 1 January 2010	**(24.2)**	**(7.4)**	**(6.4)**	**(38.0)**
Cash settlements	**22.4**	**2.0**	**2.4**	**26.8**
Revaluation through income statement	**0.4**	**–**	**0.2**	**0.6**
Revaluation through other comprehensive income	**–**	**–**	**21.1**	**21.1**
Exchange differences	**0.1**	**(4.6)**	**2.0**	**(2.5)**
Net (liability)/asset at 31 December 2010	**(1.3)**	**(10.0)**	**19.3**	**8.0**

	Interest rate swaps £m	Foreign exchange forward contracts £m	Fuel swaps £m	Total £m
Net liability at 1 January 2009	(30.2)	(25.2)	(79.2)	(134.6)
Cash settlements	15.0	15.1	56.7	86.8
Revaluation through income statement	0.1	–	–	0.1
Revaluation through other comprehensive income	(11.5)	(0.1)	11.8	0.2
Exchange differences	2.4	2.8	4.3	9.5
Net liability at 31 December 2009	(24.2)	(7.4)	(6.4)	(38.0)

The movement on the hedging reserve is detailed below:

	2010 £m	2009 £m
At 1 January	**0.8**	(58.4)
Transferred to income statement – operating costs	**2.3**	54.0
Transferred to income statement – net finance costs	**–**	28.0
Revaluation	**21.1**	0.2
Tax on revaluation	**(6.0)**	(0.1)
Tax on transfers to income statement	**(0.6)**	(22.9)
At 31 December	**17.6**	0.8

Hedge of net investments in foreign entities

The Group uses foreign currency borrowings and derivative financial instruments to hedge the net investment in material foreign currency net assets of the Group and are used to reduce the exposure to foreign exchange rate movements. At 31 December 2010 the Group had designated a total of €275m of synthetic debt in the form of foreign exchange derivatives as a net investment hedge of €275m of the net assets of the Spanish subsidiary. No ineffectiveness was recognised in relation to this hedge. The foreign exchange derivatives have a maturity date of 20 January 2011 and will be rolled forward as appropriate to maintain a desirable level of hedging. In addition the Group had synthetic debt of US$165m in the form of foreign exchange swaps and cross currency interest rate swaps to hedge the net investments of US$165m of US$ denominated net assets. No ineffectiveness was recognised in relation to this hedge. The foreign exchange swaps have a maturity date of 20 January 2011, the cross currency swap has a maturity date of 31 May 2011. Contracts will be rolled or replaced as appropriate to maintain a suitable level of hedging in line with the Group's risk management objectives. The portion of the gain or loss on the hedging instruments that is determined to be an effective hedge is recognised directly in translation reserves and, to this extent, offsets any gains or losses on translation of the net investments in the subsidiaries. During the year the Group also hedged a variable amount of Canadian Dollar net investments. No such hedges were in place as at 31 December 2010.

31 Financial instruments (including cash, trade receivables and payables) continued

Fuel price hedges

The Group has a number of fuel price swaps in place to hedge the different types of fuel used in each division. Ultra low sulphur diesel is used in the UK Bus, UK Coach and European Coach & Bus divisions and gasoil is used in the UK Rail division, both are hedged by swaps in the same type of fuel. Diesel used in the North American division is hedged using the more liquid heating oil market. The timing of the swap cash flows match underlying fuel purchases from 2011 through to 2013. There was no significant element of hedge ineffectiveness requiring the recognition in the income statement.

During the year £21.1m of fair value gains (2009: £0.2m) have been transferred to the hedging reserve due to movements in market fuel prices. Fair value gains of £2.4m (2009: £54.0m) have been transferred from the hedging reserve to the income statement following settlement of fuel trades, of which £0.8m was recognised in the hedging reserve at 1 January 2010 and the remainder was generated during the year due to the movement in market fuel prices.

Fuel price swaps can be analysed as follows:

	31 December 2010 Fair value £m	31 December 2009 Fair value £m	31 December 2010 Volume million litres	31 December 2009 Volume million litres
Hedge fuel price swaps				
Sterling denominated fuel swaps – UK Bus, UK Coach and UK Rail	**2.9**	1.0	**83.7**	62.2
US dollar denominated fuel swaps – North American Bus	**1.3**	(0.6)	**64.9**	66.1
Euro denominated fuel swaps – European Coach & Bus	**7.9**	(5.7)	**80.0**	88.0
Fuel price swaps included in current assets/(liabilities)	**12.1**	(5.3)	**228.6**	216.3
Sterling denominated fuel swaps – UK Bus, UK Coach and UK Rail	**2.6**	(0.4)	**63.6**	65.9
US dollar denominated fuel swaps – North American Bus	**1.3**	(2.0)	**20.8**	39.7
Euro denominated fuel swaps – European Coach & Bus	**3.3**	2.3	**75.0**	80.0
Fuel price swaps included in non-current assets/(liabilities)	**7.2**	(0.1)	**159.4**	185.6
Total hedge fuel price swaps	**19.3**	(5.4)	**388.0**	401.9
Non-hedge fuel price swaps				
Sterling denominated fuel swaps – UK Rail (current)	**–**	(0.6)	**–**	5.5
Sterling denominated fuel swaps – UK Rail (non-current)	**–**	(0.4)	**–**	5.5
Total non-hedge fuel price swaps	**–**	(1.0)	**–**	11.0
Total fuel price swaps	**19.3**	(6.4)	**388.0**	412.9

Interest rate swaps at fair value through profit or loss

On 14 January 2010 the Group terminated all outstanding Euro interest rate swaps resulting in a net cash outflow of £20.9m for their fair value and accrued interest outstanding. This followed the issue of the Group's £350m ten year Sterling bond and subsequent repayment of the Group's €270m loan on 15 January 2010.

The Group continued to account for two US$100m denominated interest rate swaps at fair value through profit or loss until their maturity in September 2010. The Group accounted for their fair market value gain of £0.2m in 2010 through the income statement.

In July 2010 the Group entered into four £50m denominated interest rate swaps to hedge interest rate risk on a total of £200m of the Group's Sterling bonds. These interest rate swaps all pay floating interest (LIBOR + a margin) semi-annually, receive fixed interest annually with maturities matching the Group's Sterling bonds (two swaps with total notional value £100m mature in January 2017, two swaps with notional value £100m mature June 2020) and are designated as a fair value hedge of the interest rate risk on £200m of these bonds. These swaps are measured at fair value through profit or loss, with any gains or losses being taken immediately to the income statement to offset any fair value gains or losses due to changes in the risk free interest rate on the hedged portion of the bonds. As at 31 December 2010 a total fair value loss of £1.3m was recognised in the income statement in relation to these swaps. This is offset by a fair value gain of £1.1m on the underlying hedged item, in this case changes in fair value on the £200m of the Group's bonds due to changes in the risk free interest rate.