

Notes to the consolidated financial statements

8 Finance revenue

	2007 £m	2006 £m
Bank interest receivable	1.2	0.4
Other interest receivable	0.4	0.6
Total finance revenue (on a historical cost basis)	1.6	1.0

9 Finance costs

	2007 £m	2006 £m
Loan note interest	1.1	0.8
Bonds	25.8	15.5
Bank loans and overdrafts	8.5	9.5
Other interest payable	0.2	0.1
Unwinding of interest on discounted property provision	0.1	0.1
Total finance costs (on a historical cost basis)	35.7	26.0

10 Income tax

The major components of income tax expense for the years ended 31 December 2007 and 2006 are:

Consolidated income statement	2007 £m	2006 £m
Current income tax		
Current income tax charge	61.8	53.1
Adjustment in respect of prior years	(3.0)	(4.6)
Deferred income tax		
Origination and reversal of temporary differences	6.6	5.3
Adjustment in respect of prior years	(2.9)	(0.3)
	62.5	53.5

Consolidated statement of recognised income and expense

	2007 £m	2006 £m
Deferred income tax related to items charged/(credited) directly to equity		
Current income tax deduction on exercise of stock options in excess of share based payments	(10.0)	(7.6)
Deferred income tax on cash flow hedges	1.6	–
Deferred income tax movement in relation to share based payments	5.8	(7.2)
Deferred income tax movement in relation to actuarial gains on defined benefit plans	7.6	3.8
	5.0	(11.0)

A reconciliation between tax expense and the product of accounting profit multiplied by the UK corporation tax rate for the years ended 31 December 2007 and 2006 is as follows:

	2007 £m	2006 £m
Accounting profit before tax	228.7	193.2
Notional charge at UK corporation tax rate of 30% (2006: 30%)	68.6	58.0
Adjustments in respect of current income tax of prior years	(3.0)	(4.6)
Adjustments in respect of deferred tax of prior years	(2.9)	(0.3)
Non-deductible expenses	1.8	1.6
Attributable to lower tax rates in overseas jurisdictions	(1.5)	(1.2)
Attributable to reduction in corporation tax rate	(0.5)	–
At the effective tax rate of 27.3% (2006: 27.7%)	62.5	53.5
Total tax expense reported in the income statement	62.5	53.5

The tax charge for the year ended 31 December 2007 was £62.5m (2006: charge of £53.5m) and is after a prior year net credit of £3.0m resulting from the successful resolution of issues with relevant tax authorities. The tax charge is equivalent to an underlying effective tax rate of 27.3% (2006: 27.7%). The effective tax rate on profit before amortisation is 27.7% (2006: 27.7%). In addition, a net tax charge of £5.0m has been debited directly to equity including a credit of £10.0m in respect of realised stock option gains which resulted in a corresponding reduction in cash tax liabilities for the year ended 31 December 2007.