

22 Financial liabilities

	2007 £m	2006 £m
Current		
Bank overdraft	46.1	0.5
Obligations under finance leases (note 23)	0.2	0.2
Unsecured loan notes	1.7	22.2
Asset-based securitised financing (see below)	9.7	27.5
	57.7	50.4
Non-current		
Obligations under finance leases (note 23)	–	0.3
Bonds	461.1	372.0
Currency swaps	19.1	6.4
	480.2	378.7

The acquisition of BDML included 'insurance debtors subject to a securitisation agreement'. The purpose of this arrangement is to securitise customer receivables, derived through the provision of instalment credit facilities to insurance customers of the company. The company sells said receivables, with no immediate effect on the income statement, for cash to a third party (Gresham in this case). Gresham takes on the rights and responsibilities of these receivables such that the terms of this agreement dictate that Gresham has no recourse to BDML beyond 14% of the total receivable securitised.

The obligations under finance leases are secured on the assets being financed. The bank overdraft, bonds and loan notes are unsecured. The bank overdraft for the current period attracts interest at standard rates. The bank overdraft disclosed as a comparative was held with The Royal Bank of Scotland and therefore there was no right of set off. It attracted interest at standard rates. The bonds effectively bear interest at a rate based on 6 month LIBOR.

Loan notes issued during the year amounted to £5.9m (2006: £nil), further loan notes of £8.2m were assumed through business acquisition and £34.6m (2006: £0.5m) were repaid. The interest rates attributable to the loan notes are fixed for each new issue. These rates ranged from 3.45% to 5.25%. The loan notes issued in the year bear interest at Bank of England base rate minus 35 basis points. The outstanding loan notes totalling £1.7m are repayable on demand and have a final maturity date of 29 March 2009.

The Group has issued guaranteed unsecured bonds as follows:

Bond	Interest rate %	Denomination	Value £m	Maturity
Issued 2002				
Series B	6.44	GBP*	55.0	20 June 2009
Issued 2005				
Series A	0.525 above 6m LIBOR	GBP	50.0	28 September 2013
Series B	0.525 above 6m LIBOR	GBP	25.0	28 September 2015
Total of sterling denominated bonds			130.0	
			US\$m	
Issued 2002				
Series A	6.10	US\$**	66.0	20 June 2009
Series C	6.47	US\$**	36.0	20 June 2012
Issued 2006				
Series A	5.74	US\$**	60.0	28 June 2013
Series B	5.88	US\$**	130.0	28 June 2016
Series A	5.66	US\$**	11.0	13 September 2013
Series B	5.81	US\$**	74.0	13 September 2016
Series C	5.77	US\$**	60.0	13 September 2016
Issued 2007				
Series A	5.57	US\$**	21.0	11 October 2014
Series B	5.88	US\$**	179.0	11 October 2017
Total of US\$ denominated bonds			637.0	
			(GBP £331.1m)	

All series are unsecured and rank pari passu in all respects apart from those detailed above.

*The Group has entered into an interest rate swap to convert the interest cost to floating rate based on 6 month LIBOR.

**The Group has entered into currency swaps for the US\$ issues to achieve a floating rate of interest based on 6 month LIBOR. Further disclosure on the Group's use of hedges is included in note 25 commencing on page 89.

The issue costs incurred during the year amounted to £0.3m. Issue costs are spread over the life of the bonds to their maturity. The unamortised balance of issue costs at the year end totalled £0.8m (2006: £0.6m).