

Notes to the Group accounts *continued***20. Loans and overdrafts**

	2008 £m	2007 £m
<b>Non-current</b>		
European Investment Bank loan, final instalment 2009	–	4
Alvis loan notes, redeemable 2009	–	1
US\$500m 4.75% bond, repayable 2010	<b>361</b>	254
US\$1bn 6.4% bond, repayable 2011	<b>728</b>	517
Class B and Class G certificates, final instalments 2011/2013	<b>547</b>	498
Euro-Sterling £100m 10¾% bond, repayable 2014	<b>100</b>	99
US\$750m 5.2% bond, repayable 2015	<b>516</b>	376
US\$500m 7.5% bond, repayable 2027	<b>341</b>	249
Albertville Hangar Bond, repayable 2018	<b>7</b>	–
Bank loans	–	6
Obligations under finance leases	<b>8</b>	20
Debt-related derivative financial instruments – liabilities	–	173
	<b>2,608</b>	2,197
<b>Current</b>		
Bank loans and overdrafts	<b>35</b>	41
Euro-Sterling £150m 11¾% bond, repayable 2008	–	150
European Investment Bank loan, final instalment 2009	<b>4</b>	7
Alvis loan notes, redeemable 2009	<b>1</b>	–
Class B and Class G certificates, final instalment 2011/2013	<b>121</b>	87
Obligations under finance leases	<b>12</b>	14
	<b>173</b>	299

The maturity of the Group's borrowings is as follows:

	Less than one year £m	Between one and five years £m	More than five years £m	Total £m
<b>At 31 December 2008</b>				
Carrying amount <sup>1</sup>	173	1,644	964	2,781
Debt-related derivative financial instruments – assets	–	(87)	(116)	(203)
<b>Carrying amount including debt-related derivative financial instruments – assets</b>	<b>173</b>	<b>1,557</b>	<b>848</b>	<b>2,578</b>
<b>Contractual cash flows, including interest payments</b>	<b>292</b>	<b>1,881</b>	<b>1,314</b>	<b>3,487</b>
<b>At 31 December 2007</b>				
Carrying amount	299	1,157	1,040	2,496
Contractual cash flows, including interest payments	484	1,649	1,370	3,503

1 The carrying amount of loans and overdrafts at 31 December 2008 excludes debt-related derivative financial assets of £203m presented as other financial assets.

Contractual cash flows in respect of all other financial liabilities are equal to the balance sheet carrying amount. Current contractual amounts relating to other financial liabilities, such as trade payables, are settled within the normal operating cycle of the business.

The US\$500m 4.75% bond, repayable 2010 was converted on issue to a floating rate bond by utilising an interest rate swap giving an effective rate during 2008 of 3.73%.

The US\$1bn 6.4% bond, repayable 2011 has been partially converted to a floating rate bond by utilising a series of interest rate swaps. US\$500m has been swapped to a floating rate until maturity of the bond in 2011. This has been overlaid by US\$300m of floating to fixed interest rate swaps that fix the interest payments at a lower rate than the original coupon. The effective interest rate during 2008 was 5.76% with an interest rate split on the bond at 31 December 2008 being US\$800m fixed and US\$200m floating.

The Class B and Class G certificates are repayable in 2011 and 2013, respectively, with fixed US\$ coupon rates of 7.16% and 6.66%, giving a weighted average interest rate of 6.88%. At 31 December 2008, the gross outstanding principal due is US\$959m. Of this balance, US\$273m has been converted to a sterling floating rate bond by utilising a series of cross-currency swaps which resulted in an effective interest rate during 2008 of 6.97% on this element.

The US\$500m 7.5% bond, repayable 2027 was converted at issue to a sterling fixed rate bond by utilising a cross-currency swap and has an effective interest rate of 7.73%.

The Albertville Hangar Bond is a floating rate bond with an effective interest rate of 3.06%. This bond has been converted to a fixed rate using a floating to fixed rate swap, fixing the rate at 3.52%.

The European Investment Bank borrowing is fixed with an interest rate of 6.86%.

The debt-related derivative financial instruments represent the market value of certain interest rate and cross-currency derivatives which are specifically hedging loans disclosed within the above note. These derivatives have been entered into specifically to manage the Group's exposure to foreign exchange or interest rate risk.

## 20. Loans and overdrafts *continued*

### Finance lease obligations

The Group has a number of non-cancellable finance lease arrangements predominantly in respect of aircraft. The maturity of these lease liabilities from the balance sheet date is shown below.

	2008 £m	2007 £m
Finance lease liabilities – minimum lease payments due:		
Not later than one year	13	15
Later than one year and not later than five years	9	22
	<b>22</b>	37
Future finance charges on finance leases	(2)	(3)
<b>Present value of finance lease liabilities</b>	<b>20</b>	34
Present value of finance lease liabilities – payments due:		
Not later than one year	12	14
Later than one year and not later than five years	8	20
	<b>20</b>	34

Under the terms of the lease agreements, no contingent rents are payable.

The interest rate inherent in these finance leases is fixed at the contract date for all of the lease term. The average interest rate on finance lease payables at 31 December 2008 was 7% (2007 7%).

## 21. Trade and other payables

	2008 £m	2007 £m
<b>Non-current</b>		
Amounts due to long-term contract customers	275	56
Cash received on customers' account <sup>1</sup> for long-term contracts	–	2
Amounts owed to equity accounted investments	–	7
Other payables	329	306
Accruals and deferred income	97	42
	<b>701</b>	413
<b>Current</b>		
Amounts due to long-term contract customers	4,494	4,710
Amounts due to other customers	348	162
Cash received on customers' account <sup>1</sup> :		
Long-term contracts	5	27
Others	2	1
Trade payables	1,004	913
Amounts owed to equity accounted investments	1,476	847
Other taxes and social security costs	67	58
Other payables	400	297
Accruals and deferred income	1,369	1,230
	<b>9,165</b>	8,245
Included above:	2008	2007
Amounts due to long-term contract customers	£m	£m
	<b>4,774</b>	4,795

1 Cash received on customers' account is the unexpended cash received from customers in advance of delivery which is subject to advance payments guarantees unrelated to Group performance.