

Notes to the Group accounts *continued***5. Other income**

	2008 £m	2007 £m
Rental income from operating leases	47	46
Profit on disposal of investment property	5	47
Profit on disposal of property, plant and equipment	34	1
Profit on disposal of businesses (note 9)	238	48
Management recharges to equity accounted investments	17	15
Other	74	52
	415	209

6. Finance costs

	2008 £m	2007 £m
Interest income	147	169
Net present value adjustments	3	21
Expected return on pension scheme assets (note 22)	846	845
Net gain on remeasurement of financial instruments ¹	681	135
Gain on sale of available-for-sale investments	–	6
Foreign exchange gains ²	1,703	81
Financial income	3,380	1,257
Interest expense:		
On bank loans and overdrafts	(2)	(4)
On finance leases	(5)	(6)
On bonds and other financial instruments	(253)	(218)
On preference debt	–	(13)
	(260)	(241)
Facility fees	(4)	(4)
Net present value adjustments	(30)	(22)
Interest charge on pension scheme liabilities (note 22)	(795)	(753)
Net loss on remeasurement of financial instruments at fair value through profit or loss ³	(917)	(77)
Foreign exchange losses ⁴	(721)	(102)
Financial expense	(2,727)	(1,199)
Net finance costs	653	58

Additional analysis of finance costs

	2008 £m	2007 £m
Net finance costs – Group	653	58
Net finance costs – share of equity accounted investments	44	35
	697	93
Analysed as:		
Net interest:		
Interest income	147	169
Interest expense	(260)	(241)
Facility fees	(4)	(4)
Net present value adjustments	(27)	(1)
Gain on sale of available-for-sale investments	–	6
Share of equity accounted investments	42	33
	(102)	(38)
Other finance costs:		
Group:		
Net financing credit on pensions	51	92
Market value and foreign exchange movements on financial instruments and investments	746	37
Share of equity accounted investments	2	2
	697	93

1 The increase in the net gain on remeasurement of financial instruments has mainly been driven by exchange movements on the US dollar relating to debt-related derivative financial instruments, and on the Euro, relating to hedging loans from equity accounted investments.

2 The increase in foreign exchange gains mainly reflects the exchange gain on an intercompany loan from the UK to the US businesses.

3 The net loss on remeasurement of financial instruments at fair value through profit or loss is principally due to the movement in the US dollar exchange rate on hedges relating to a portion of the intercompany loan from the UK to the US businesses.

4 The increase in foreign exchange losses is mainly due to movements in the Euro exchange rate relating to loans from equity accounted investments, and the revaluation of a loan from the US business to the UK.