NETWORK RAIL INFRASTRUCTURE LIMITED

HELPING BRITAIN PROSPER: NETWORK RAIL CONTROLS COSTS AS IT UNVEILS FULL YEAR RESULTS

Network Rail continued to drive efficiencies in running Britain's railway as it reveals its full year, preliminary financial results. Costs have been controlled; its gearing ratio is sustainable whilst the company's strong financial performance meant that solid profits were reinvested in the railway.

In line with the regulatory settlement – control period 4 – and Network Rail's delivery plan, which began on April 1, 2009 – revenue fell from £6,160m to £5,668m. This meant Network Rail was able to cut its charges to passenger and freight operators. For passenger operators charges have been cut by 7% or 22p per passenger train journey. On average, freight charges have fallen by 35%.

Chief executive, Iain Coucher said: "Passengers care most about trains being on time and we have delivered another record year with punctuality surpassing 91%. Network Rail also has a duty to get best value for the British people and we have retained a tight focus on controlling costs. This has meant that we can cut charges to passenger and freight operators. As a result, the savings we make could be passed on to passengers in lower fares or to taxpayers through lower government subsidies to the rail industry.

"This year is the first of five under the current funding settlement agreed with the Office of Rail Regulation. Our results show we are delivering well against the ORR's key performance indicators, meeting or exceeding the vast majority of them. There remains a lot more hard work to do in this control period, this is a long-term business but solid groundwork has been laid."

Financial highlights

In line with the regulatory determination that reduced Network Rail's annual rate of return expressed through track access charges to 4.8% (compared to 6.5% over the last three years), revenue and profits were down

- Revenue was £5,668m down from £6,160m,
- Net operating costs were up slightly to £3,687m from £3,616m, this largely due to higher (but lower than inflation) staff costs,
- Operating profits were down to £1,981m from £2,544m, again in line with the regulatory determination
- Profit after tax was £284m, down from £609m
- Net debt rose to £23,838m from £22,307m, to help fund our investment programme, but had a lower gearing (debt to regulated asset base) ratio of 64% – down from 70% – well within permitted limits
- Capital expenditure was £3,920m, down from £4,743m

Group finance director, Patrick Butcher added: "Network Rail is maturing into a company that is financially strong and sustainable. Our efforts in controlling costs mean that we have made good progress in delivering even greater value for Britain.

"Our financial performance means we generated operational cash flows 80% greater than required to pay our net financing costs. Our gearing ratio (debt to regulatory asset base) of 64% shows that our debt is at a sustainable level and gives the business a significant buffer to absorb unplanned costs."

Efficiencies

- The business measures its performance against the CP4 delivery plan using two key performance indicators, the cost efficiency measure and financial value added
    - The cost efficiency measure records progress in reducing the running costs of Network Rail. The company developed a baseline at 1 April 2009 against which it needs to achieve savings of £1.1bn by the end of CP4. In 2009/10 its operations, maintenance and renewal activities are £265m lower than the baseline.
    - The financial value added indicator measured a positive performance of £101m, this means activities this year have been at a net cost of £101m less than the delivery plan on a like for like basis
- Maintenance costs were reduced by 7% or £86m on a like for like basis, through tight cost controls and productivity improvements
- It costs 25 pence less, on average, to run a train one mile than it did last year and £3 less than it did six years ago

Performance results

- In 2009/10 the proportion of passenger trains running on time rose to 91.5%, ahead of the overall target of 91.0% and better than the 2008/9 figure of 90.6%
- When Network Rail became infrastructure manager in 2002 – taking over from Railtrack in administration – the figure was only 78.6%
- Severe winter weather caused 40% of delay minutes in January
- Better planning of investment work reduced disruption to train operators meaning that additional income from CP4 performance and availability payments was £21m ahead of what was assumed in the delivery plan

Projects

There has been significant growth in the number vital enhancement projects Network Rail is managing, all of which will add capacity to the railway and drive economic growth for Britain. Some highlights include:

- Airdrie to Bathgate – a new line being built in Scotland, scheduled to open in December 2010
- The programme of work for the London 2012 Olympics continues; this includes new lines, new stations, better facilities and new rolling stock on the North London Line and East London Line in addition to works to support and enable the transport links being developed in the Stratford area
- Construction is well advanced on the Thameslink programme
- Also as part of the transport strategy for London, the Reading project has advanced, as well as key development work now underway for Crossrail
- Newport station regeneration
- The Birmingham Gateway project to redevelop New Street has attracted a significant amount of third party investment

Mr Coucher concluded: “In a more austere spending environment it is vital that Network Rail continues to drive down costs and make further efficiency savings. A strong start has been made in 2009/10 in delivering against our targets but we must and we will work harder and faster in the coming years.”

Financial highlights
For the year ended 31 March 2010

	2010 £m	2009 £m
Revenue	5,668	6,160
Operating profit	1,981	2,544
Profit after tax	284	609
Net cash from operating activities	2,234	2,811
Net debt	(23,838)	(22,307)
Net assets	6,555	7,241
Railway network fixed assets	36,629	34,925
Investment property	764	700
Capital expenditure	3,920	4,743

Income statement
for the year ended 31 March 2010

	Notes	Underlying results 2010 Group £m	Debt and derivative revaluations 2010 Group £m	2010 Group £m	2009 Group £m
Revenue	2	5,668	-	5,668	6,160
Net operating costs	3	(3,687)	-	(3,687)	(3,616)
Operating profit		**1,981**	**-**	**1,981**	**2,544**
Property revaluation movements and profits/(loss) on disposal		62	-	62	(138)
Total profits from operations	4	**2,043**	**-**	**2,043**	**2,406**
Investment revenue		26	-	26	136
Other gains and losses		-	(477)	(477)	(72)
Finance costs		(1,197)	-	(1,197)	(946)
Profit before tax		**872**	**(477)**	**395**	**1,524**
Tax	5	(245)	134	(111)	(915)
Profit for the year attributable to equity shareholder		**627**	**(343)**	**284**	**609**

All amounts in the current and prior years relate to continuing operations.

Under section 408 of the Companies Act 2006 the Group has elected to take the exemption with regard to disclosing the Company Income statement. The Company's net profit for the year was £274m (2009: £593m).

Statements of comprehensive income
for the year ended 31 March 2010

	2010 Group £m	2009 Group £m	2010 Company £m	2009 Company £m
Profit for the year	**284**	**609**	**274**	**593**
Losses on revaluation of the railway network	(1,033)	(113)	(1,033)	(113)
(Losses)/gains on movement in fair value of hedging derivatives	(179)	44	(37)	(291)
Recycling of balances in hedging reserve to other gains and losses in the income statement	4	4	4	4
Exchange differences on cash flow hedges taken to the hedging reserve	154	(391)	-	-
	(21)	**(343)**	**(33)**	**(287)**
Actuarial losses on defined benefit pension schemes	(292)	(281)	(292)	(281)
Tax relating to components of other comprehensive income	376	207	380	191
Other comprehensive expense for the year	**(970)**	**(530)**	**(978)**	**(490)**
Total comprehensive (expense)/income for the period attributable to equity shareholder	**(686)**	**79**	**(704)**	**103**

Statements of changes in equity
for the year ended 31 March 2010

Group	Share capital £m	Share Premium £m	Revaluation Reserve £m	Other Reserve * £m	Hedging Reserve £m	Retained Earnings £m	Total £m
At 1 April 2008	**160**	**85**	**4,511**	**1,458**	**(72)**	**1,020**	**7,162**
Revaluation of the railway network	-	-	(113)	-	-	-	(113)
Transfer of deemed cost depreciation from revaluation reserve	-	-	(182)	-	-	182	0
Decrease in deferred tax liability on the railway network	-	-	82	-	-	(51)	31
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	(281)	(281)
Deferred tax on actuarial losses	-	-	-	-	-	79	79
Increase in fair value of hedging derivatives	-	-	-	-	44	-	44
Exchange differences on cash flow hedges taken to the hedging reserve	-	-	-	-	(391)	-	(391)
Deferred taxation on all hedging reserve movements/retained earnings	-	-	-	-	98	-	98
Transfers							
Recycling of balances in hedging reserve to other gains and losses in the income statement	-	-	-	-	4	-	4
Deferred tax on transfers	-	-	-	-	(1)	-	(1)
Net profit for the year	-	-	-	-	-	609	609
At 31 March 2009	**160**	**85**	**4,298**	**1,458**	**(318)**	**1,558**	**7,241**
Revaluation of the railway network	-	-	(1,033)	-	-	-	(1,033)
Transfer of deemed cost depreciation from revaluation reserve	-	-	(147)	-	-	147	-
Decrease in deferred tax liability on the railway network	-	-	330	-	-	(41)	289
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	(292)	(292)
Deferred tax on actuarial losses	-	-	-	-	-	82	82
Decrease in fair value of hedging derivatives	-	-	-	-	(179)	-	(179)
Exchange differences on cash flow hedges taken to the hedging reserve	-	-	-	-	154	-	154
Deferred taxation on all hedging reserve movements/retained earnings	-	-	-	-	7	-	7
Transfers							
Recycling of balances in hedging reserve to other gains and losses in the income statement	-	-	-	-	4	-	4
Deferred tax on transfers	-	-	-	-	(2)	-	(2)
Net profit for the year	-	-	-	-	-	284	284
At 31 March 2010	**160**	**85**	**3,448**	**1,458**	**(334)**	**1,738**	**6,555**

Statements of changes in equity (continued)
for the year ended 31 March 2010

Company	Share capital £m	Share Premium £m	Revaluation Reserve £m	Other Reserve * £m	Hedging Reserve £m	Retained Earnings £m	Total £m
At 1 April 2008	**160**	**85**	**4,511**	**1,458**	**(54)**	**1,007**	**7,167**
Revaluation of the railway network	-	-	(113)	-	-	-	(113)
Transfer of deemed cost depreciation from revaluation reserve	-	-	(182)	-	-	182	-
Decrease in deferred tax liability on the railway network	-	-	82	-	-	(51)	31
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	(281)	(281)
Deferred tax on actuarial losses	-	-	-	-	-	79	79
Decrease in fair value of hedging derivatives	-	-	-	-	(291)	-	(291)
Deferred taxation on all hedging reserve movements/retained earnings	-	-	-	-	82	-	82
Transfers	-	-	-	-	4	-	4
Recycling of balances in hedging reserve to other gains and losses in the income statement	-	-	-	-	(1)	-	(1)
Deferred tax on transfers							
Net profit for the year	-	-	-	-	-	593	593
At 31 March 2009	**160**	**85**	**4,298**	**1,458**	**(260)**	**1,529**	**7,270**
Revaluation of the railway network	-	-	(1,033)	-	-	-	(1,033)
Transfer of deemed cost depreciation from revaluation reserve	-	-	(147)	-	-	147	-
Decrease in deferred tax liability on the railway network	-	-	330	-	-	(41)	289
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	(292)	(292)
Deferred tax on actuarial losses	-	-	-	-	-	82	82
Decrease in fair value of hedging derivatives	-	-	-	-	(37)	-	(37)
Deferred taxation on all hedging reserve movements / retained earnings	-	-	-	-	11	-	11
Transfers							
Recycling of balances in hedging reserve to other gains and losses in the Income statement	-	-	-	-	4	-	4
Deferred tax on transfers	-	-	-	-	(2)	-	(2)
Net profit for the year	-	-	-	-	-	274	274
At 31 March 2010	**160**	**85**	**3,448**	**1,458**	**(284)**	**1,699**	**6,566**

* Other reserves of £1,458m (2009: £1,458m) include the vesting reserve on privatisation.

Balance sheets
at 31 March 2010

	2010 Group £m	2009 Group £m	2010 Company £m	2009 Company £m
Non-current assets				
Intangible assets	72	73	-	-
Property, plant and equipment - the railway network (see Note 6)	36,629	34,925	36,629	34,925
Investment property	764	700	764	700
Investment in subsidiaries	-	-	49	49
Loan to immediate parent company	391	388	391	388
Loan to other group company	-	-	104	102
Derivative financial instruments	702	768	-	1
Finance lease receivables	8	10	8	10
Interest in joint venture	5	5	5	5
Total non-current financial assets	**1,106**	**1,171**	**508**	**506**
	38,571	**36,869**	**37,950**	**36,180**
Current assets				
Inventories	132	88	132	88
Finance lease receivables	2	3	2	3
Trade and other receivables	720	805	781	893
Current tax assets	6	-	-	-
Derivative financial instruments	297	630	1	61
Cash and cash equivalents	2,321	1,723	80	-
	3,478	**3,249**	**996**	**1,045**
Total assets	**42,049**	**40,118**	**38,946**	**37,225**
Current liabilities				
Trade and other payables	(3,043)	(3,657)	(2,678)	(2,626)
Current tax liabilities	-	(18)	(8)	(18)
Bank loans and overdrafts	(2,223)	(1,773)	(241)	(861)
Derivative financial instruments	(210)	(73)	(121)	(5)
Short-term provisions	(57)	(9)	(57)	(9)
	(5,533)	**(5,530)**	**(3,105)**	**(3,519)**
Net current liabilities	**(2,055)**	**(2,281)**	**(2,109)**	**(2,474)**
Non-current liabilities				
Bank loans	(23,380)	(21,192)	(22,718)	(20,288)
Derivative financial instruments	(507)	(406)	(500)	(390)
Other payables	(1,887)	(1,619)	(1,887)	(1,616)
Retirement benefit obligation	(985)	(664)	(985)	(664)
Deferred tax liabilities	(3,200)	(3,463)	(3,183)	(3,475)
Obligations under finance leases	(2)	(3)	(2)	(3)
	(29,961)	**(27,347)**	**(29,275)**	**(26,436)**
Total liabilities	**(35,494)**	**(32,877)**	**(32,380)**	**(29,955)**
Net assets	**6,555**	**7,241**	**6,566**	**7,270**
Equity				
Share capital	160	160	160	160
Share premium account	85	85	85	85
Revaluation reserve	3,448	4,298	3,448	4,298
Other reserve	1,458	1,458	1,458	1,458
Hedging reserve	(334)	(318)	(284)	(260)
Retained earnings	1,738	1,558	1,699	1,529
Total shareholder's funds and equity attributable to equity holder of the parent company	**6,555**	**7,241**	**6,566**	**7,270**

Statements of cash flows
For the year ended 31 March 2010

	2010 Group £m	2009 Group £m	2010 Company £m	2009 Company £m
Net cash generated from operating activities (see Note 7)	**2,234**	**2,811**	**2,370**	**2,850**
Investing activities				
Interest received/(paid)	24	78	13	(24)
Purchases of property, plant and equipment - the railway network	(3,939)	(4,601)	(3,939)	(4,601)
Proceeds on disposal of investment property	1	72	1	72
Capital grants received	339	191	339	191
Capital element of finance lease receipts	2	3	2	3
Sale of financial investments	-	55	-	-
Acquisition of joint venture	-	(5)	-	(5)
Net cash used in investing activities	**(3,573)**	**(4,207)**	**(3,584)**	**(4,364)**
Financing activities				
Repayments of borrowings	(1,416)	(4,853)	(1,416)	(4,853)
Repayments of obligations under finance leases	-	(7)	-	(7)
New loans raised	4,053	6,374	2,902	6,374
Collateral (repaid to)/received from counterparties	(508)	1,062	-	-
Losses on derivatives not hedge accounted	(192)	-	(192)	-
Net cash generated from financing activities	**1,937**	**2,576**	**1,294**	**1,514**
Net increase in cash and cash equivalents	**598**	**1,180**	**80**	**-**
Cash and cash equivalents at beginning of the year	1,723	543	-	-
Cash and cash equivalents at end of the year	**2,321**	**1,723**	**80**	**-**

Notes to the financial statements
For the year ended 31 March 2010

1. General information

The financial information set out in this preliminary announcement does not constitute the Company's statutory accounts for the years ended 31 March 2010 or 31 March 2009 but is derived from those accounts. Whilst the financial information has been computed in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) this announcement does not itself contain sufficient information to comply with IFRSs. Statutory accounts for the year ended 31 March 2009 have been delivered to the Registrar of Companies and those for the year ended 31 March 2010 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified. The preliminary announcement has been prepared on the basis of the accounting policies as stated in the previous year's financial statements and was approved by the board on 3 June 2010.

Going concern
The Group has considerable financial resources together with long term contracts with a number of customers and suppliers. As a consequence, the Directors believe that the Group is well placed to manage its business risks despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operations existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2. Revenue

	2010 Group £m	2009 Group £m
Franchised track access and grant income	5,387	5,799
Freight revenue	52	93
Property rental income	206	215
Other income	23	53
	5,668	**6,160**

The net effect of the performance regimes on the results of the Group and Company was net income of £42m (2009: £56m).

3. Net operating costs

	2010 Group £m	2009 Group £m
Employee costs	1,746	1,656
Own costs capitalised	(680)	(662)
Other external charges (including infrastructure maintenance costs)	1,730	1,701
Other operating income	(250)	(232)
Net operating costs before depreciation	2,546	2,463
Depreciation and other amounts written off non-current assets	1,193	1,198
Capital grants amortised	(52)	(45)
Net operating costs	**3,687**	**3,616**

4. Profit from operations

Profit from operations is stated after charging/(crediting):

	2010 Group £m	2009 Group £m
Research and development costs expensed	1	1
Depreciation and other amounts written off property, plant and equipment	1,193	1,198
Amortisation of intangible fixed assets	1	1
Amortisation of capital grants	(52)	(45)
Profit on sale of properties	(0.31)	(70)
(Increase)/decrease in the fair value of investment properties	(62)	208
Cost of inventories recognised as an expense	179	192
Write downs of inventories recognised as an expense	7	-
Employee costs	1,746	1,656
Amounts payable to auditors		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	0.35	0.37
Fees payable to the Company's auditors for other services to the Group		
- The audit of the Company's subsidiaries pursuant to legislation	0.04	0.04
Total audit fees	0.39	0.41
Other services pursuant to legislation		
- Regulatory accounts audit and interim review	0.12	0.12
- Other	0.02	0.02
Total non-audit fees	0.14	0.14
Total amounts payable to auditors	0.53	0.55

5. Tax

	2010 Group £m	2009 Group £m
Current tax:		
UK Corporation tax at 28% (2009: 28%):		
Corporation tax charge	(1)	(10)
Less advance corporation tax (ACT) set-off	-	9
Corporation tax liability	(1)	(1)
Prior year credit	8	-
Group relief payable to Network Rail Holdco Limited	(3)	(8)
Total current tax	**4**	**(9)**
Deferred tax:		
Deferred tax at 28% (2009: 28%)		
Current year charge	(120)	(414)
Abolition of Industrial Building Allowances	-	(524)
Prior year credit	5	32
Total deferred tax	**(115)**	**(906)**
Total tax	**(111)**	**(915)**

The tax charge for the year can be reconciled to the profit per the Income statement as follows:

	2010 Group £m	2009 Group £m
Profit before tax	**395**	**1,524**
Tax at the UK corporation tax rate of 28% (2009: 28%)	111	426
Adjustments in respect of prior years	(13)	(32)
Abolition of Industrial Building Allowances	-	524
Permanent differences	13	6
Advance corporation tax previously written off	-	(9)
Tax charge for the year	**111**	**915**

In addition to the amounts charged to the Income statement, deferred tax relating to the revaluation of the railway network amounting to £289m (2009: £31m) has been credited directly to equity. Movements on the hedging reserve amounted to a £7m credit (2009: £98m credit). Movements relating to retirement benefit obligations amounted to a £82m credit to equity (2009: £79m credit).

Deferred tax is calculated at a rate of 28 per cent (2009: 28 per cent). UK corporation tax is calculated at 28 per cent (2009: 28 per cent).

The Company and the Group have £39m (2009: £34m) of surplus ACT carried forward (including a release in relation to the prior period). No deferred tax asset has been provided in respect of this amount as it is uncertain that it can be utilised against tax liabilities in the foreseeable future.

The legislation introducing the abolition of Industrial Buildings Allowances was enacted in the previous financial year and this liability was fully reflected in that year's accounts, as shown above. The types of asset which qualified as an industrial building were stations, embankments, sea walls, depots and goods yards.

6. Property, plant and equipment - the railway network

	Group and Company £m
Valuation	
At 1 April 2008	31,443
Additions	4,743
Depreciation charge for the year	(1,198)
Transfers from investment property	50
Revaluation in the year	(113)
At 1 April 2009	**34,925**
Additions	3,920
Depreciation charge for the year	(1,193)
Transfers from investment property	10
Revaluation in the year	(1,033)
At 31 March 2010	**36,629**

In the prior year ended 31 March 2009 Ove Arup and Partners reviewed Network Rail Infrastructure Limited's engineering assessment of the serviceable economic lives, of the major asset categories that comprise the railway network, and their depreciated replacement cost. They confirmed in writing to the Directors that the basis upon which the assessment had been prepared was reasonable.

Given the interdependency of the assets comprising the railway network, the Group has concluded that the railway network is a single cash-generating unit and that its fair value is the estimated future cash flows that will be generated in perpetuity, discounted at the Group's pre-tax cost of capital, as set by the Office of Rail Regulation (ORR) in its Access Charges Review. The estimate of the fair value is based on the Regulatory Asset Base (RAB) which is a discounted future cash flow calculation adjusted for the net present value of any variances from the ORR's determination included in the Group's Business Plan. This takes into account: the provisional ORR RAB balance; any regulatory out/under-performance derived by comparing future income and expenditure projections, in the Group's Business Plan, against the regulatory settlement; assets funded directly by third party contributions rather than RAB funded; and an adjustment to reflect that a subset of this valuation is disclosed separately as investment properties.

The unimpaired depreciated replacement cost of the network (after excluding the replacement cost of embankments, cuttings and tunnels) is estimated at £75bn (2009: £75bn).

The depreciation charge for any year is calculated using the average carrying value for the year and the estimated weighted average remaining useful economic life of the railway network. The weighted average remaining economic life of the railway network was calculated using the engineering assessment of serviceable economic lives, of the major categories that comprise the railway network. The estimated remaining weighted average useful economic life of the network is currently 30 years (2009: 30 years). The change in asset lives from 25 to 30 years was adopted from 1 October 2008 in the last financial year. This change resulted in a lower depreciation charge, by £126m, for the last six months of the year ended 31 March 2009 than if the lives had remained at 25 years. After taking into account deferred taxation the effect on profit after tax was £91m.

As at 31 March 2010 the comparable valuation of the railway network according to the historic cost convention is £31,280m (2009: £29,273m).

As at 31 March 2010 and 31 March 2009 it is not possible to identify the undepreciated capitalised interest or the undepreciated finance leases, within the net book value of fixed assets. The undepreciated interest capitalised since the date of adoption of the network value as deemed cost on 1 April 2002 was £457m (2009: £376m). No finance leased assets have been acquired since 1 April 2002.

At 31 March 2010, the Group had entered into contractual commitments in respect of capital expenditure amounting to £1,436m (2009: £1,667m).

7. Notes to the statements of cash flows

	2010 Group £m	2009 Group £m	2010 Company £m	2009 Company £m
Operating profit	**1,981**	**2,544**	**1,966**	**2,533**
Adjustments for:				
Depreciation of the railway network	1,193	1,198	1,193	1,198
Amortisation of capital grants	(52)	(45)	(52)	(45)
Amortisation of intangible assets	1	1	-	-
Decrease in provisions	48	(3)	48	(3)
Operating cash flows before movements in working capital	**3,171**	**3,695**	**3,155**	**3,683**
Increase in inventories	(44)	(24)	(44)	(24)
Decrease/(increase) in receivables	67	(85)	122	(166)
(Decrease)/ increase in payables	(29)	138	23	254
Cash generated from operations	**3,165**	**3,724**	**3,256**	**3,747**
Income taxes paid	(20)	(9)	(18)	(9)
Interest paid	(911)	(904)	(868)	(888)
Net cash generated from operating activities	**2,234**	**2,811**	**2,370**	**2,850**

Cash and cash equivalents (which are represented as a single class of assets on the face of the Balance sheet) comprise cash at bank, collateral and money market deposit investments, all of which are on call with the exception of £6m of short term deposits with an average term of one day (2009: six) from the Balance sheet date. In 2009/10 cash and money market deposits had an average maturity of 6 days (2009: 29) from the Balance sheet date.

8. Analysis of changes in net debt

	At 1 April 2009 £m	Cash flows £m	Non cash movements £m	Capital accretion £m	Amortisation of discount £m	Fair value remeasurements £m	Foreign exchange movements £m	At 31 March 2010 £m
Cash and cash equivalents *	661	1,106	-	-	-	-	-	1,767
Borrowings due within one year	(1,773)	1,189	(1,970)	(2)	(2)	231	104	(2,223)
Borrowings due after one year	(21,192)	(3,826)	1,970	(345)	(7)	(30)	50	(23,380)
Obligations under finance leases	(3)	1	-	-	-	-	-	(2)
	(22,307)	**(1,530)**	**-**	**(347)**	**(9)**	**201**	**154**	**(23,838)**

	At 1 April 2008 £m	Cash flows £m	Non cash movements £m	Capital accretion £m	Amortisation of discount £m	Fair value remeasurements £m	Foreign exchange movements £m	At 31 March 2009 £m
Cash and cash equivalents *	543	118	-	-	-	-	-	661
Borrowings due within one year	(5,077)	4,853	(1,061)	-	(5)	(235)	(248)	(1,773)
Borrowings due after one year	(15,255)	(6,374)	1,061	(54)	(10)	(417)	(143)	(21,192)
Obligations under finance leases	(9)	6	-	-	-	-	-	(3)
Financial investments	55	(55)	-	-	-	-	-	-
	(19,743)	**(1,452)**	**-**	**(54)**	**(15)**	**(652)**	**(391)**	**(22,307)**

* Excludes collateral held of £554m (2009: £1,062m)