

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 31. Trade and other payables

	As at 2 January 2010 \$ million	As at 3 January 2009 \$ million
<b>Current liabilities</b>		
Financial liabilities:		
– Trade payables	419.6	384.9
– Other taxes and social security	24.3	23.7
– Derivative financial instruments (see note 32)	2.3	15.7
– Other payables	48.0	26.1
	<b>494.2</b>	450.4
Non-financial liabilities:		
– Accruals and deferred income	183.4	199.7
	<b>677.6</b>	650.1
<b>Non-current liabilities</b>		
Financial liabilities:		
– Derivative financial instruments (see note 32)	3.9	30.4
– Other payables	14.3	17.7
	<b>18.2</b>	48.1
Non-financial liabilities:		
– Accruals and deferred income	8.9	3.5
	<b>27.1</b>	51.6

Trade payables are generally not interest-bearing but interest may be charged by suppliers on overdue accounts.

## 32. Derivative financial instruments

## A. Summary

Derivative financial instruments are held in relation to the Group's financial risk management policy which is described in note 33. The Group does not hold or issue derivatives for speculative purposes.

The carrying amount of derivative financial instruments held by the Group was as follows:

	As at 2 January 2010			As at 3 January 2009		
	Assets \$ million	Liabilities \$ million	Net \$ million	Assets \$ million	Liabilities \$ million	Net \$ million
<b>Hedging activities</b>						
Translational hedges:						
– Currency swaps	0.6	(3.6)	(3.0)	10.7	(30.4)	(19.7)
– Interest rate swaps	56.3	–	56.3	62.7	(2.1)	60.6
	<b>56.9</b>	<b>(3.6)</b>	<b>53.3</b>	73.4	(32.5)	40.9
Transactional hedges:						
– Currency forwards	1.2	(1.9)	(0.7)	1.1	(13.6)	(12.5)
– Commodity contracts	–	(0.7)	(0.7)	–	–	–
	<b>1.2</b>	<b>(2.6)</b>	<b>(1.4)</b>	1.1	(13.6)	(12.5)
	<b>58.1</b>	<b>(6.2)</b>	<b>51.9</b>	74.5	(46.1)	28.4
Classified as:						
– Current	1.2	(2.3)	(1.1)	1.1	(15.7)	(14.6)
– Non-current	56.9	(3.9)	53.0	73.4	(30.4)	43.0
	<b>58.1</b>	<b>(6.2)</b>	<b>51.9</b>	74.5	(46.1)	28.4

**B. Currency derivatives**

As at 2 January 2010, the notional principal amount of outstanding foreign exchange contracts that are used to manage the currency profile of the Group's net assets was \$796.6 million (3 January 2009: \$888.7 million). Where necessary, the Group has designated these contracts as net investment hedges. During 2009, the net fair value loss of \$3.1 million (2008: net gain of \$57.2 million; 2007: net loss of \$31.0 million) in relation to designated net investment hedges was recognised in other comprehensive income.

Prior to the change in its presentation currency at the beginning of 2008, the Group also designated as net investment hedges the US dollar borrowings under the multi-currency revolving credit facility and, before their redemption in July 2007, the Company's US dollar denominated preference shares. During 2007, the net currency translation gain of \$3.8 million arising on these instruments was recognised in other comprehensive income.

The currency profile of the Group's net assets after taking into account translation hedges is presented in note 33.

Also during 2009, a net fair value gain of \$12.2 million (2008: net loss of \$9.4 million; 2007: net loss of \$4.0 million) was recognised within operating profit in respect of currency derivatives that were held to provide an economic hedge of transactional currency exposures but were not designated as hedges for accounting purposes.

**C. Interest rate swaps**

Interest rate swaps are used to swap borrowings under the Group's EMTN Programme from fixed interest rates to floating interest rates. As at 2 January 2010, the nominal value of the contracts outstanding was £400 million (3 January 2009: £400 million). The Group has designated these contracts as fair value hedges in relation to the borrowings.

During 2009, the Group recognised a net fair value loss of \$13.3 million (2008: net gain of \$75.7 million; 2007: net gain of \$7.0 million) in relation to these contracts and the carrying amount of the hedged borrowings was decreased by \$12.3 million (2008: increased by \$75.6 million; 2007: increased by \$5.4 million) to reflect the change in the fair value of the borrowings attributable to the hedged risk and the amortisation of the transitional adjustment that was recognised on adoption of IAS 39. During 2009, a net loss of \$1.0 million (2008: net gain of \$0.1 million; 2007: net gain of \$1.6 million) was, therefore, recognised within other finance expense in relation to these hedges.

Until December 2009, when the remaining contracts matured, interest rate swaps were held to restrict the amount of floating rate US dollar debt. During 2009, a net fair value gain of \$2.3 million (2008: net loss of \$2.1 million; 2007: net loss of \$3.8 million) was recognised within other finance expense in relation to these contracts that did not qualify for hedge accounting under IAS 39.

The profile of interest rate swaps held by the Group was as follows:

	Notional principal amount million	Interest rate				Variable rate index
		Payable		Receivable		
		Variable	Fixed	Variable	Fixed	
<b>As at 2 January 2010</b>						
Maturity date:						
– December 2011	<b>£150.0</b>	<b>3.4%</b>	–	–	<b>8.0%</b>	<b>6 month LIBOR</b>
– September 2015	<b>£250.0</b>	<b>1.7%</b>	–	–	<b>6.1%</b>	<b>3 month LIBOR</b>
<b>As at 3 January 2009</b>						
Maturity date:						
– December 2011	£150.0	5.7%	–	–	8.0%	6 month LIBOR
– September 2015	£250.0	4.0%	–	–	6.1%	3 month LIBOR
– December 2009	\$65.0	–	4.6%	1.5%	–	3 month LIBOR

**D. Currency translation loss on hedging instruments**

Certain of the translational hedging instruments held by the Group are denominated in sterling but the Group is unable to apply hedge accounting to the gains and losses that arise on the translation of the carrying amount of those instruments into US dollars. During 2009, a net currency translation loss of \$1.6 million (2008: net loss of \$17.9 million; 2007: net loss of \$3.0 million) was recognised within other finance expense in relation to those instruments.