

Notes to the financial statements

20 Borrowings

	Group 2009 Within one year £m	Group 2009 After one year £m	Group 2009 Total £m	Group 2008 Within one year £m	Group 2008 After one year £m	Group 2009 Total £m
Bank overdrafts	28	–	28	118	–	118
Bank loans	35	–	35	–	–	–
Secured loans						
Loan due 2018 ¹	37	1,105	1,142	36	1,097	1,133
Loan due 2031 ¹	33	872	905	11	891	902
Term loan due 2015	12	150	162	–	–	–
Loan notes	8	2	10	–	–	–
Obligations under finance leases	1	48	49	–	49	49
Total borrowings	154	2,177	2,331	165	2,037	2,202

	Company 2009 Within one year £m	Company 2009 After one year £m	Company 2009 Total £m	Company 2008 Within one year £m	Company 2008 After one year £m	Company 2008 Total £m
Bank overdrafts	8	–	8	88	–	88
Bank loans	35	–	35	–	–	–
Total borrowings	43	–	43	88	–	88

¹ The financial statements for the 52 weeks to 22 March 2008 included all long-term borrowings within non-current liabilities. £47 million of the long-term borrowings (included in non-current borrowings) at 22 March 2008 were due within one year and have been reclassified within the comparative amounts.

Bank overdrafts

Bank overdrafts are repayable on demand and bear interest at a spread above bank base rate.

Bank loans

On 9 May 2008, the Group entered a 12-month £35 million bilateral loan facility which bears interest at a spread above LIBOR.

Secured loans

Secured loans are secured on 128 (2008: 127) supermarket properties (note 11) and comprise loans from two finance companies:

- a fixed rate loan with an outstanding principal value of £1,130 million (2008: £1,159 million) at a weighted average rate of 4.97 per cent stepping up to 5.36 per cent from April 2013 (effective interest rate of 5.23 per cent and carrying amount of £1,142 million (2008: £1,133 million)) repayable over nine years; and
- an inflation linked loan with an outstanding principal value of £872 million (2008: £867 million) at a fixed real rate of 2.36 per cent where principal and interest are uplifted annually by RPI subject to a cap at five per cent and floor at nil per cent with a carrying amount of £905 million (2008: £902 million) repayable over 22 years.

The Group has entered into interest rate swaps to convert £211 million (2008: £602 million) of the £1,130 million (2008: £1,159 million) loan due 2018 from fixed to floating rates of interest. These transactions have been accounted for as fair value hedges (note 30). During the year, £391 million of the £602 million swaps accounted for as fair value hedges as at March 2008 were de-designated from their fair value hedging relationship. The fair value of the debt previously hedged by these swaps will be amortised over the remaining life of the loans, resulting in an amortisation charge to the income statement in the current financial year of £770,000 (2008: £136,000).

Term loans due 2015

On 23 May 2008, the Group entered into a £150 million seven-year term loan. The coupon on the loan comprises a fixed rate and a floating rate. The carrying amount of the loan is £162 million and the loan is repayable over six years.

Undrawn borrowing facilities

	Expiry of facility
£400 million revolving credit facility	February 2012
£163 million revolving credit facility ¹	May 2011

¹ The £163 million revolving credit facility was entered into on 9 May 2008.

No amounts were drawn down on the facilities at either 21 March 2009 or 22 March 2008.

Subsequent to 21 March 2009, the Group entered into agreements to extend the £35 million bank loan to £50 million with an expiry date of May 2012 and to enter into a revolving credit facility of £50 million with an expiry date of May 2012.

Obligations under finance leases

	Minimum lease payments 2009 £m	Minimum lease payments 2008 £m	Present value of minimum lease payments 2009 £m	Present value of minimum lease payments 2008 £m
Amounts payable under finance leases:				
Within 1 year	3	3	1	-
Within 2 to 5 years inclusive	12	12	1	1
After 5 years	177	188	47	48
	192	203	49	49
Less: future finance charges	(143)	(154)		
Present value of lease obligations	49	49		
Disclosed as:				
Current	1	-		
Non-current	48	49		
	49	49		

Finance leases have effective interest rates of 4.30 per cent to 8.50 per cent (2008: 4.30 per cent to 8.50 per cent). The average remaining lease term is 77 years (2008: 77 years).