

22. Borrowings

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Current				
Bank overdrafts	0.7	0.7	6.3*	–
Unsecured bank loans due within one year or on demand	5.1	4.9	–	–
Loan notes	0.4	0.7	–	–
Finance leases	0.1	–	–	–
	6.3	6.3	6.3	–
Non-current				
Unsecured bank loans	3.9	8.7	–	–
Loan notes	–	0.3	–	–
Finance leases	0.1	–	–	–
	4.0	9.0	–	–

* The Company's Sterling and Euro accounts are managed within a Group pooling banking arrangement. As at 31 December 2010, no net overdrafts existed within either pool (2009: £nil).

In 2007, the Group borrowed £19.8m for the acquisition of Granite Partners LLC in the US (now Savills LLC). The borrowings are denominated in US dollars. Interest is fixed at 5.315% via an interest rate swap until maturity date. At 31 December 2010, at the year end exchange rate, £9.0m was outstanding (2009: £13.6m). USD8m is due within one year.

In 2006, £0.6m of the Variable Interest Rate Guaranteed Loan Notes 2006 were issued as part consideration for the acquisition of the business and assets of PCA Management Consultants Limited. As at 31 December 2010, £0.4m (2009: £0.5m) were still in issue and due within one year. Interest is payable half yearly.

Bank loans are denominated in a number of currencies and bear interest at LIBOR or foreign equivalents as appropriate to the country in which the borrowing is incurred.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are:

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Less than 1 year	1.2	1.4	6.3	–
Between 1 and 2 years	9.0	0.3	–	–
Between 2 and 5 years	0.1	13.6	–	–
	10.3	15.3	6.3	–

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
The maturity of non-current borrowings is as follows:				
Between 1 and 2 years	4.0	5.3	–	–
Between 2 and 5 years	–	3.7	–	–
	4.0	9.0	–	–

The effective interest rates at the balance sheet date were as follows:

	Group	
	2010 £m	2009 £m
Bank overdraft	2.82%	3.96%
Bank loans	5.32%	5.32%
Loan notes	5.00%	3.51%
Finance leases	10.26%	–

The carrying amounts of borrowings approximate to fair value.

Notes to the financial statements continued

22. Borrowings continued

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Sterling	0.4	1.0	6.3	–
US dollar	9.0	13.6	–	–
Euro	0.6	0.6	–	–
Australian dollar	0.2	–	–	–
Hong Kong dollar	0.1	–	–	–
Thai baht	–	0.1	–	–
	10.3	15.3	6.3	–
The Group has the following undrawn borrowing facilities:				
Floating rate – expiring within 1 year or on demand	15.6	20.2	6.3	–
Floating rate – expiring between 1 and 5 years	50.0	60.0	–	–

In September 2010 the £60m multi-currency revolving credit facility was reduced to £50m, by means of a voluntary partial cancellation by Savills as it was surplus to forecast requirements. As at 31 December 2010 this facility was undrawn. This facility was cancelled on 10 March 2011 and replaced with a new £50m multi-currency revolving credit facility, which expires on 31 March 2014.

23. Derivative financial instruments

	Group		Company	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
2010				
Interest rate swaps – at fair value	–	0.4	–	–
Forward foreign exchange contracts – at fair value	–	0.1	–	–
Total	–	0.5	–	–
Less non-current portion	–	(0.4)	–	–
Current portion	–	0.1	–	–

	Group		Company	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
2009				
Interest rate swaps – at fair value	–	0.7	–	–
Forward foreign exchange contracts – at fair value	0.1	–	–	–
Total	0.1	0.7	–	–
Less non-current portion	–	(0.7)	–	–
Current portion	0.1	–	–	–

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts in relation to the US borrowing at 31 December 2010 were £9.0m (2009: £13.6m). At 31 December 2010, the fixed interest rate was 5.315%. The floating rate is USD LIBOR.

Gains and losses on interest rate swaps are recognised in the income statement.

Forward foreign exchange contracts

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2010 were £14.9m (2009: £14.2m). The non-current portion represents contracts that mature in over one year.

Gains and losses on forward foreign exchange contracts are recognised in the income statement.

Hedge of net investments in foreign operations

The Group's USD borrowing amounting to USD14m (2009: USD22.0m) is designated as a hedge on the net investment in the Group's US subsidiary. The fair value of the USD borrowing at 31 December 2010 was £9.0m (2009: £13.6m). The foreign exchange loss of £0.5m (2009: gain of £2.1m) on translation of the borrowing to currency at the balance sheet date is recognised in foreign exchange reserves in other comprehensive income. The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets on the balance sheet.