

Notes to the Financial Statements

Continued

b) Factors affecting income tax expense

The income tax expense for the year is lower (2008: lower) than the standard rate of corporation tax in the UK of 28% (2008: 30%). The differences are explained below:

	2009 %	Group 2008 %
UK statutory income tax rate	28.0	30.0
Increase/(decrease) resulting from:		
Expenses not deductible for tax purposes	0.7	1.5
Adjustment in respect of overseas tax rates	(4.1)	(3.4)
Effect of share-based payments	2.6	0.8
Tax on Joint Ventures	(0.1)	(0.3)
R&D tax credit	(2.4)	(2.9)
Consortium relief	(6.8)	(0.6)
Other	0.8	0.3
Disposal of Joint Ventures	(0.7)	–
Effective income tax rate	18.0	25.4

The normalised income tax expense for the year is lower (2008: lower) than the standard rate of corporation tax in the UK of 28% (2008: 30%). The differences are explained below:

	2009 %	Group 2008 %
UK statutory income tax rate	28.0	30.0
Increase/(decrease) resulting from:		
Expenses not deductible for tax purposes	0.7	1.4
Adjustment in respect of overseas tax rates	(4.2)	(3.4)
Effect of share-based payments	2.7	0.8
Tax on Joint Ventures	(0.1)	–
R&D tax credit	(2.4)	(2.9)
Consortium relief	(6.9)	(0.6)
Other	0.7	0.4
Normalised effective income tax rate	18.5	25.7

c) Income tax on items charged to equity

	Retirement benefit liability £m	Share- based payments £m	2009 Total £m	Retirement benefit liability £m	Share- based payments £m	Group 2008 Total £m
At 1 April	1.1	2.9	4.0	8.5	3.3	11.8
Deferred income tax	34.3	(1.1)	33.2	(7.4)	(0.6)	(8.0)
Current income tax	–	0.4	0.4	–	0.2	0.2
At 31 March	35.4	2.2	37.6	1.1	2.9	4.0

9. Profit on disposal of Joint Venture

On 1 April 2008 the Group disposed of its holding in Modern Housing Solutions (Prime) Limited generating a profit on disposal of £2.5m.