

Notes to the financial statements

for the year ended 31 March 2015

07 Exceptional items

Consolidated	Notes	2015 £'000	2014 £'000
Network rates rebate		(5,278)	—
Recovery of previously provided debt		(756)	—
Profit on sale of investments		(624)	—
Credit on termination of contracts		—	(2,587)
Credited to income statement		(6,658)	(2,587)
Impairment of goodwill	14	33,900	—
Restructuring costs		7,546	1,121
Strategic pensions advice costs		—	700
Onerous lease costs		—	178
Charged to income statement		41,446	1,999
Net charge/(credit) to income statement		34,788	(588)

Network rates rebate relates to a settlement agreed during the year.

Recovery of previously provided debt relates to a settlement of the Group's written off debt due from Lehman Brothers, which was previously charged as an exceptional item.

The profit on sale of investments relates to the sale of the Group's previously impaired shareholding in Spectrum Venture Management Fund.

Credit on termination of contracts arose from a notification of termination following the closure of a regional government sponsored network infrastructure.

In accordance with accounting standards, the Group's goodwill balance is tested annually for impairment. As part of this review the goodwill in the Group's Kcom brand was deemed to be impaired and as such a charge of £33.9 million has been recognised in the consolidated income statement. This is a non-cash item and is treated as exceptional in line with our accounting policy.

As set out in our accounting policy, restructuring costs are shown as exceptional items. During the year the Group incurred £4.4 million in relation to the Kcom brand in the first half of the year, £1.7 million relating to strategic IT investment and £1.4 million supporting the Group's move towards a single operating model.

Strategic pensions advice costs related to the costs incurred for the agreements reached with the Trustees of the Group's defined benefit pension schemes to provide the Group with an efficient mechanism of funding the Schemes' current deficit position. The level of costs reflected both Company and the Schemes' advisor costs.

Onerous lease costs arose as a result of continued rationalisation of the Group's property portfolio.

The combined tax effect of these items is a credit of £318,000 (2014: charge of £135,000) in respect of current tax and a credit of £2,921,000 (2014: £Nil) in respect of deferred tax.