Finance costs (net) and other

Net finance costs and other, which includes the Group's net financing costs, lease interest and the share of profit/loss of associated businesses, increased to £81.4 million (2022: £53.8 million). The increase in the year primarily reflects increased net financing costs due to higher average gross debt and the increasing interest rate environment.

The Group's average gross debt (including private placement notes and the Group's revolving credit facility), increased versus the prior year, reflecting the substantial acquisition activity of the Group in the current and prior year and the weakening of sterling against the euro and US dollar. This accounted for approximately £11 million of the cost increase in the year.

The substantial change in the global interest rate environment from summer 2022 onwards impacted the cost of the floating rate element of the Group's gross debt, offset somewhat by an increased return on the Group's gross cash. During the year approximately 64% of the Group's gross debt was at floating rates. The net impact of the increased interest rate environment accounted for approximately £15 million. Presently, approximately 45% of the Group's gross debt is at floating rates.

Average net debt, excluding lease creditors, was £1.0 billion, compared to an average net debt of £428 million in the prior year, and reflects the very substantial acquisition activity during the prior and current years. Interest was covered 11.2 times[1] by Group adjusted operating profit before depreciation and amortisation of intangible assets (2022: 16.1 times).

Profit before net exceptional items, amortisation of intangible assets and tax

Profit before net exceptional items, amortisation of intangible assets and tax increased by 7.3% to £574.3 million.

Net exceptional charge and amortisation of intangible assets

The Group incurred a net exceptional charge after tax and non-controlling interests of £28.7 million (2022: net exceptional charge of £43.8 million) as follows:

	£'m
Adjustments to contingent acquisition consideration	(8.5)
Restructuring and integration costs and other	(13.4)
Acquisition and related costs	(10.6)
IAS 39 mark-to-market gain	0.9
	(31.6)
Tax and non-controlling interest attaching to exceptional items	2.9
Net exceptional charge	**(28.7)**

There was a net cash outflow of £23.8 million relating to exceptional items.

Adjustments to contingent acquisition consideration of £8.5 million reflects movements in provisions associated with the expected earn-out or other deferred arrangements that arise through the Group's corporate development activity. The charge in the year primarily reflects an increase in contingent

[1] Using the definitions contained in the Group's lending agreements