

12. Property, plant and equipment

	Land and buildings £m	Plant and machinery £m	Aircraft £m	Total £m
Cost				
At 1 January 2006	1,233	2,120	548	3,901
Additions	214	184	113	511
Transfers from inventories	-	1	-	1
Transfers to inventories	-	(3)	-	(3)
Transfers from investment property	2	-	-	2
Reclassification between categories	9	(9)	-	-
Disposals	(80)	(147)	(1)	(228)
Exchange adjustments	(65)	(68)	(54)	(187)
At 31 December 2006	1,313	2,078	606	3,997
Additions	96	190	24	310
Acquisition of subsidiaries (note 31)	32	54	6	92
Transfers from inventories	-	5	-	5
Transfers to inventories	-	(6)	(1)	(7)
Reclassified as non-current assets and disposal groups held for sale (note 19)	(11)	(16)	-	(27)
Disposals	(24)	(172)	(25)	(221)
Disposal of subsidiaries	(10)	(29)	-	(39)
Exchange adjustments	(10)	(9)	(8)	(27)
At 31 December 2007	1,386	2,095	602	4,083
Depreciation and impairment				
At 1 January 2006	408	1,507	282	2,197
Depreciation charge for the year	49	149	28	226
Impairment loss for the year	-	-	53	53
Transfers to inventories	-	(1)	-	(1)
Transfers from investment property	1	-	-	1
Reclassification between categories	2	(2)	-	-
Disposals	(18)	(132)	(1)	(151)
Exchange adjustments	(9)	(41)	(24)	(74)
At 31 December 2006	433	1,480	338	2,251
Depreciation charge for the year	67	155	32	254
Impairment loss for the year ¹	19	2	34	55
Transfers to inventories	-	(4)	-	(4)
Reclassified as non-current assets and disposal groups held for sale (note 19)	(5)	(13)	-	(18)
Disposals	(15)	(170)	(10)	(195)
Disposal of subsidiaries	(4)	(21)	-	(25)
Exchange adjustments	(1)	(3)	(5)	(9)
At 31 December 2007	494	1,426	389	2,309
Net book value				
At 31 December 2007	892	669	213	1,774
At 31 December 2006	880	598	268	1,746
At 1 January 2006	825	613	266	1,704

1. During the year, the directors revised the valuation methodology used to determine the value of regional aircraft with a £34m impairment charge arising and a £45m increase to provisions in respect of residual value guarantees

The amounts above include:

Net book value of assets held as capitalised finance leases (including investment property (note 13))

At 31 December 2007	6	11	16	33
At 31 December 2006	1	17	15	33

Assets in the course of construction (including investment property (note 13))

At 31 December 2007	88	68	-	156
At 31 December 2006	148	68	-	216

Notes to the Group accounts (continued)

12. Property, plant and equipment (continued)

Net book value of:

	Land and buildings £m	Plant and machinery £m	Aircraft £m	Total £m
Freehold property	809	–	–	809
Long leasehold property	55	–	–	55
Short leasehold property	28	–	–	28
Plant and machinery	–	594	–	594
Fixtures, fittings and equipment	–	75	–	75
Aircraft	–	–	213	213
	892	669	213	1,774

The aircraft fleet that is held under capitalised finance lease arrangements is leased to airline companies under operating leases. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease income from the non-cancellable elements of operating leases for assets capitalised (including investment property (note 13)) are as follows:

	2007 £m	2006 £m
Receipts due:		
Not later than one year	93	72
Later than one year and not later than five years	234	185
Later than five years	63	63
	390	320

Under the terms of the lease agreements, no contingent rents are payable. Within the above lease income is £15m (2006 £25m) relating to assets held by the Group under capitalised finance leases.