

# Notes to the Group accounts (continued)

## 17. Other financial assets and liabilities

	2007 Assets £m	2007 Liabilities £m	2006 Assets £m	2006 Liabilities £m
<b>Non-current</b>				
Cash flow hedges – foreign exchange contracts	34	(20)	30	(43)
Other foreign exchange/interest rate contracts	14	(6)	21	(2)
	<b>48</b>	<b>(26)</b>	51	(45)
<b>Current</b>				
Cash flow hedges – foreign exchange contracts	63	(44)	36	(36)
Other foreign exchange/interest rate contracts	38	(27)	14	(14)
	<b>101</b>	<b>(71)</b>	50	(50)
<b>Debt-related derivative financial instruments</b>				
Other foreign exchange/interest rate derivatives	17	(190)	6	(243)

The debt-related derivative financial instruments are presented as a component of loans and overdrafts (note 20).

The ineffective portion recognised in the income statement that arises from fair value hedges amounts to a gain of £4m (2006 gain of £5m). The ineffective portion recognised in the income statement that arises from cash flow hedges amounts to £nil (2006 £nil).

The notional principal amounts of the outstanding contracts are detailed in note 32.

## 18. Inventories

	2007 £m	2006 £m
Short-term work-in-progress	304	205
Raw materials and consumables	285	100
Finished goods and goods for resale	112	90
	<b>701</b>	395

The Group recognised £53m (2006 £20m) as a write down of inventories to net realisable value in 2007.

## 19. Disposal groups

On 19 December 2007, the Group agreed the sale of its Surveillance and Attack business to Sensor and Antenna Systems, Lansdale, Inc., a subsidiary of Cobham Defence Electronic Systems Corporation, for a cash consideration of \$240m (£121m). Completion of the sale is conditional upon regulatory approvals being given and is expected to take place in the first quarter of 2008. Accordingly, the business is presented as held for sale on the balance sheet as at 31 December 2007.

The Group's Mobile International business was acquired with Armor Holdings, Inc. on 31 July 2007 (note 31) with a view to immediate resale. Accordingly, it is classified as held for sale in the acquisition balance sheet and as at 31 December 2007.

The assets and liabilities of Surveillance and Attack, and Mobile International relate to the Electronics, Intelligence & Support and Land & Armaments business groups, respectively.

	Surveillance and Attack £m	Mobile International £m	2007 £m	2006 £m
<b>Non-current assets</b>				
Intangible assets	42	1	43	–
Property, plant and equipment	9	9	18	–
	<b>51</b>	<b>10</b>	<b>61</b>	–
<b>Current assets</b>				
Inventories	7	17	24	–
Trade and other receivables	2	7	9	–
	<b>9</b>	<b>24</b>	<b>33</b>	–
<b>Assets of disposal groups</b>	<b>60</b>	<b>34</b>	<b>94</b>	–
<b>Current liabilities</b>				
Trade and other payables	(4)	(26)	(30)	–
	<b>(4)</b>	<b>(26)</b>	<b>(30)</b>	–
<b>Liabilities of disposal groups</b>	<b>(4)</b>	<b>(26)</b>	<b>(30)</b>	–