

11. Intangible assets *continued*

The directors have not identified any reasonably possible material changes relating either specifically to the global military vehicle market, or to the levels of defence spending in our home markets, particularly in the US, that would cause the carrying value of goodwill to exceed its recoverable amount. The result of the review of the carrying value of goodwill across the Group is an impairment charge of £54m (2007 £148m). This mainly reflects lower sales volumes in the US-based Products Group business (£40m against the £254m total goodwill), which was acquired with Armor Holdings, Inc. in 2007. The prior year charge included £145m in respect of the Insyte business.

In addition, an impairment of £120m has been taken in the year in respect of the Group's shareholding in Saab AB. See note 14.

12. Property, plant and equipment

	Land and buildings £m	Plant and machinery £m	Aircraft £m	Total £m
Cost				
At 1 January 2007	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
Additions	269	209	42	520
Acquisition of subsidiaries (note 31)	40	72	–	112
Transfers from inventories	2	–	–	2
Reclassification between balance sheet categories	5	(5)	–	–
Disposals	(15)	(69)	(12)	(96)
Disposal of subsidiaries	(46)	(76)	–	(122)
Exchange adjustments	331	303	194	828
At 31 December 2008	1,972	2,529	826	5,327
Depreciation and impairment				
At 1 January 2007	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
Depreciation charge for the year	68	167	55	290
Impairment loss for the year	2	29	9	40
Reclassification between balance sheet categories	(3)	3	–	–
Disposals	(14)	(63)	(3)	(80)
Disposal of subsidiaries	(17)	(42)	–	(59)
Exchange adjustments	75	170	136	381
At 31 December 2008	605	1,690	586	2,881
Net book value				
At 31 December 2008	1,367	839	240	2,446
At 31 December 2007	892	669	213	1,774
At 1 January 2007	880	598	268	1,746

1 In 2007, 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 impairment in 2008 mainly comprises charges in respect of the spares and support business, and aircraft carrying values within the Regional Aircraft business (£32m). The impairment impacts the HQ & Other Businesses (£36m), Programmes & Support (£3m) and International (£1m) segments.

Notes to the Group accounts *continued***12. Property, plant and equipment** *continued*

The amounts above include:

	Land and buildings £m	Plant and machinery £m	Aircraft £m	Total £m
Net book value of assets held as capitalised finance leases				
At 31 December 2008	–	–	23	23
At 31 December 2007	6	11	16	33
Assets in the course of construction (including investment property (note 13))				
At 31 December 2008	355	107	–	462
At 31 December 2007	88	68	–	156
Net book value at 31 December 2008 of:				
Freehold property	1,242	–	–	1,242
Long leasehold property	45	–	–	45
Short leasehold property	80	–	–	80
Plant and machinery	–	744	–	744
Fixtures, fittings and equipment	–	95	–	95
Aircraft	–	–	240	240
	1,367	839	240	2,446

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:

	2008 £m	2007 £m
Receipts due:		
Not later than one year	104	93
Later than one year and not later than five years	241	234
Later than five years	62	63
	407	390

Under the terms of the lease agreements, no contingent rents are payable. Within the above lease income is £17m (2007 £15m) relating to assets held by the Group under capitalised finance leases.