

## 23. Provisions

	Aircraft financing £m	Warranties and after-sales service £m	Reorganisations – continuing operations £m	Legal costs, environmental and other £m	Total £m
Non-current	65	93	4	237	399
Current	20	64	24	302	410
At 1 January 2008	85	157	28	539	809
Created	11	59	74	158	302
Released	(2)	(29)	(4)	(139)	(174)
Utilised	(34)	(36)	(33)	(112)	(215)
Provisions and fair values arising on acquisitions (note 31)	–	1	–	3	4
Adjustment to provisional fair values (note 31) <sup>1</sup>	–	–	–	14	14
On disposals	–	–	(1)	–	(1)
Discounting	–	–	1	11	12
Exchange adjustments	11	20	3	60	94
<b>At 31 December 2008</b>	<b>71</b>	<b>172</b>	<b>68</b>	<b>534</b>	<b>845</b>
Represented by:					
Non-current	30	104	10	315	459
Current	41	68	58	219	386
	<b>71</b>	<b>172</b>	<b>68</b>	<b>534</b>	<b>845</b>

1 Relates to the finalisation of fair values relating to the acquisition of Armor Holdings, Inc. in 2007.

### Aircraft financing

The provision includes probable exposures under residual value guarantees issued by the Group on previous sales transactions. Further information is provided in note 24. Such costs are generally incurred within five years.

### Warranties and after-sales service

Warranties and after-sales service are provided in the normal course of business with provisions for associated costs being made based on an assessment of future claims with reference to past experience. Such costs are generally incurred within three years post-delivery. Whilst actual events could result in potentially significant differences to the quantum but not the timing of the outflows in relation to the provisions, management has reflected current knowledge in assessing the provision levels and historical evidence indicates that the actual outflows are similar to the amounts provided.

### Reorganisations – continuing operations

The costs associated with the reorganisation programmes are supported by detailed plans and based on previous experience as well as other known factors. Such costs are generally incurred within one to three years. There is limited volatility around the timing and amount of the ultimate outflows related to these provisions.

### Legal costs, environmental and other provisions

The Group holds provisions for expected legal, environmental and other costs that it expects to incur over an extended period. These costs are based on past experience of similar items and other known factors and represent management's best estimate of the likely outcome.

Included within legal costs, environmental and other is £26m (2007 £75m) in respect of the cash-settled elements of certain of the Group's share option schemes (note 26). The costs in respect of this liability are expected to occur over the next five years. Reflecting the inherent uncertainty within many legal proceedings, the timing and amount of the outflows could differ significantly from the amount provided.