

14. Equity accounted investments

Carrying value of equity accounted investments

	Share of net assets £m	Purchased goodwill £m	Carrying value £m
At 1 January 2006	317	1,404	1,721
Share of results after tax – continuing operations	113	–	113
Share of results after tax – discontinued operations (note 9)	70	–	70
Acquired through acquisition	(62)	66	4
Reclassified from intangible assets	–	28	28
Disposal	(239)	(1,063)	(1,302)
Dividends	(145)	–	(145)
Market value adjustments in respect of derivative financial instruments, net of tax	144	–	144
Actuarial gains on defined benefit pension schemes, net of tax	59	–	59
Revaluation of net assets acquired by equity accounted investments ¹	5	–	5
Foreign exchange adjustment	(24)	(2)	(26)
At 31 December 2006	238	433	671
Share of results after tax – continuing operations	139	–	139
Acquired through acquisition	1	–	1
Adjustment to provisional fair values	3	(3)	–
Disposal	(10)	–	(10)
Dividends	(78)	–	(78)
Market value adjustments in respect of derivative financial instruments, net of tax	(2)	–	(2)
Actuarial gains on defined benefit pension schemes, net of tax	17	–	17
Foreign exchange adjustment	13	30	43
At 31 December 2007	321	460	781

1 The revaluation gain in 2006 arose as a result of MBDA SAS acquiring control of LFK GmbH, which was previously accounted for as a trade investment. The £5m gain reflects a fair value uplift in respect of the carrying value of the original investment. The gain is reflected as a credit to equity (note 27).

Included within purchased goodwill is £110m (2006 £113m) relating to the goodwill arising on acquisitions made by the Group's equity accounted investments subsequent to their acquisition by the Group.

The market value of the Group's shareholding in Saab AB at 31 December 2007 was £225m (2006 £350m).

Share of results of equity accounted investments by continuing business group

	2007 £m	Restated ² 2006 £m
Share of results excluding finance costs and taxation expense:		
Electronics, Intelligence & Support	1	1
Programmes & Support	27	25
International Businesses	114	94
HQ & Other Businesses	–	7
	142	127
Financial income	35	21
Taxation expense	(38)	(35)
	139	113

2 restated following changes to the Group's organisational structure

Share of the assets and liabilities of equity accounted investments

	2007 £m	2006 £m
Assets:		
Non-current assets	892	856
Current assets	3,032	2,633
	3,924	3,489
Liabilities:		
Non-current liabilities	(618)	(582)
Current liabilities	(2,525)	(2,236)
	(3,143)	(2,818)
Carrying value	781	671

Notes to the Group accounts (continued)

14. Equity accounted investments (continued)

Principal equity accounted investments

Joint ventures	Principal activities	Principally operates in	Country of incorporation
Air Astana JSC (49%) (Held by BAE Systems (Kazakhstan) Limited)	Commercial aerospace activities	Kazakhstan	Kazakhstan
Eurofighter Jagdflugzeug GmbH (33%) (Held by BAE Systems plc)	Management and control of Eurofighter Typhoon programme	Germany	Germany
Flagship Training Limited (50%) (Held via BAE Systems Electronics Limited)	Supply of naval training and support services	UK	England and Wales
Fleet Support Limited (50%) (Held via BAE Systems Surface Fleet Solutions Limited)	Engineering and facilities management support to the Royal Navy	UK	England and Wales
Gripen International KB (50%) (Held via BAE Systems (Operations) Limited)	Marketing and selling of Gripen fighter aircraft	Sweden	Sweden
MBDA SAS (37.5%) (Held via BAE Systems Electronics Limited and BAE Systems (Overseas Holdings) Limited)	Development and manufacture of guided weapons	Europe	France
Panavia Aircraft GmbH (42.5%) (Held via BAE Systems plc)	Management and control of Tornado programme	Germany	Germany
Saab AB (20.5%) (Held via BAE Systems (Sweden) AB)	Defence and commercial aerospace activities	Sweden	Sweden

15. Other investments

	2007 £m	2006 £m
Non-current		
Loans and receivables		
Term deposits	-	4
Available-for-sale financial assets		
Equity securities	6	7
	6	11
Current		
Loans and receivables		
Term deposits	164	503
	164	503

Reconciliation of movements

	2007 £m	2006 £m
Non-current		
At 1 January	11	9
Additions	1	5
Disposals	(11)	(1)
Creation of impairment provision	-	(2)
Fair value movements	5	-
At 31 December	6	11
Current		
At 1 January	503	634
Additions	19	499
Disposals	(358)	(588)
Fair value movements recognised in finance costs	-	(42)
At 31 December	164	503

Exchange Property

The Group's shareholding in Vodafone Group Plc (Exchange Property) was disposed of during 2006.

The Group had designated the Exchange Property as at fair value through profit or loss. Accordingly, movements in the fair value of the Exchange Property in 2006 to disposal of £42m were recognised in finance costs in the income statement (note 6).