

Notes to the Group accounts *continued***8. Tax continued****Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items:

	2008	2007
	£m	£m
Deductible temporary differences	23	22
Capital losses carried forward	58	59
Trading and other losses carried forward	90	140
	171	221

These assets have not been recognised as the incidence of future profits in the relevant countries and legal entities cannot be sufficiently accurately predicted at this time.

The aggregate temporary differences associated with investments in subsidiaries, branches, associates and joint ventures for which deferred tax liabilities have not been recognised is £332m (2007 £432m).

9. Disposals**Continuing and discontinued operations for the year ended 31 December 2008**

Name	Country of incorporation	Date of sale	Percentage share	Profit on disposal of businesses £m	Proceeds from sale of subsidiary undertakings £m	Proceeds from sale of equity accounted investments £m	Deferred consideration ⁴ £m
Surveillance and Attack division	USA	22.02.08	100%	61	118	–	–
BAE Systems Surface Fleet Solutions Limited ²	UK	01.07.08	45%	121	–	–	–
Flagship Training Limited ⁴	UK	01.07.08	50%	56	–	16	53
Gregory backpack business	USA	14.03.08	100%	–	7	–	–
Continuing operations				238	125	16	53
Discontinued operations ³ – Mobile International business	USA	14.02.08	100%	–	6	–	–
				238	131	16	53

Continuing and discontinued operations for the year ended 31 December 2007

Name	Country of incorporation	Date of sale	Percentage share	Profit/(loss) on disposal of businesses £m	Proceeds from sale of subsidiary undertakings £m	Proceeds from sale of equity accounted investments £m
HR Enterprise Limited and its subsidiary Xchanging HR Services Limited (XHRS)	UK	17.01.07	50%	–	–	10
Xchanging Procurement Services (Holdco) Limited (XPS)	UK	06.03.07	50%	44	–	47
Customer Training Centre	UK	13.12.07	100%	4	6	–
Inertial Products business	USA	20.08.07	100%	(6)	70	–
TEMPEST products business	USA	11.12.07	100%	(2)	1	–
Transaction costs				–	(5)	–
Continuing operations				40	72	57
Discontinued operations ⁵ – SELEX	UK	30.03.07	25%	22	24	–
				62	96	57

1 Consideration of £67m has been deferred over three years, the discounted value of which is £53m.

2 On 1 July 2008, the Group exchanged a 45% shareholding in BAE Systems Surface Fleet Solutions Limited (SFSL) as consideration for the contribution to SFSL of 100% of VT Group plc's shipbuilding and naval support businesses to form the joint venture BVT Surface Fleet Limited.

3 The Group's Mobile International business was acquired with Amor Holdings, Inc. on 31 July 2007 with a view to immediate resale. Accordingly, it was classified as held for sale as at 31 December 2007. The sale was completed on 14 February 2008 for a cash consideration less transaction costs of £6m.

4 Included within other receivables (note 16 to the Group accounts).

5 On 30 March 2007, the sale of the Group's remaining 25% interest in SELEX was completed following the exercise by Finmeccanica SpA of its call option granted as part of the original disposal transaction in 2005. Net proceeds of £24m comprise the consideration of £277m, less £253m which was assigned to the BAE Systems 2000 Pension Plan in 2006. A profit of £22m was recognised during the year upon settlement of warranties and similar obligations on this transaction.