Condensed consolidated financial statements

Consolidated income statement

For the year-ended December 31, 2008

	Notes	2008 £m	2007 £m
Revenue	2	**9,082**	7,435
Cost of sales		**(7,311)**	(6,003)
Gross profit		**1,771**	1,432
Other operating income		**79**	50
Commercial and administrative costs		**(666)**	(653)
Research and development costs		**(403)**	(381)
Share of profit of joint ventures		**74**	66
Operating profit		**855**	514
Profit/(loss) on sale or termination of businesses		**7**	(2)
Profit before financing	2	**862**	512
Financing income	4	**432**	718
Financing costs	4	**(3,186)**	(497)
Net financing	4	**(2,754)**	221
(Loss)/profit before taxation[1]	2	**(1,892)**	733
Taxation		**547**	(133)
(Loss)/profit for the year		**(1,345)**	600
Attributable to:			
Equity holders of the parent		**(1,340)**	606
Minority interests		**(5)**	(6)
(Loss)/profit for the year		**(1,345)**	600
Earnings per ordinary share [2]			
Basic	5	**(73.63p)**	33.67p
Diluted	5	**(73.63p)**	32.97p
Payments to shareholders in respect of the year	6	**(263)**	(237)
[1] Underlying profit before taxation	3	**880**	800

[2] Underlying earnings per share are shown in note 5.

Consolidated balance sheet
At December 31, 2008

	Notes	2008 £m	2007 £m
ASSETS			
Non-current assets			
Intangible assets	7	**2,286**	1,761
Property, plant and equipment		**1,995**	1,813
Investments - joint ventures		**345**	284
Other investments		**53**	57
Deferred tax assets		**685**	81
Post-retirement scheme surpluses	9	**453**	210
		5,817	4,206
Current assets			
Inventory		**2,600**	2,203
Trade and other receivables		**3,929**	2,585
Taxation recoverable		**9**	7
Other financial assets	8	**390**	514
Short-term investments		**1**	40
Cash and cash equivalents		**2,471**	1,897
Assets held for sale		**12**	7
		9,412	7,253
Total assets		**15,229**	11,459
LIABILITIES			
Current liabilities			
Borrowings		**(23)**	(34)
Other financial liabilities	8	**(2,450)**	(85)
Trade and other payables		**(5,735)**	(4,326)
Current tax liabilities		**(184)**	(188)
Provisions		**(181)**	(121)
		(8,573)	(4,754)
Non-current liabilities			
Borrowings		**(1,325)**	(1,030)
Other financial liabilities	8	**(391)**	(303)
Trade and other payables		**(1,318)**	(965)
Non-current tax liabilities		**(1)**	-
Deferred tax liabilities		**(307)**	(345)
Provisions		**(188)**	(180)
Post-retirement scheme deficits	9	**(595)**	(333)
		(4,125)	(3,156)
Total liabilities		**(12,698)**	(7,910)
Net assets		**2,531**	3,549
EQUITY			
Capital and reserves			
Called-up share capital		**369**	364
Share premium account		**82**	67
Capital redemption reserves		**204**	191
Hedging reserves		**(22)**	77
Other reserves		**663**	62

Retained earnings		**1,226**	2,776
Equity attributable to equity holders of the parent	10	**2,522**	3,537
Minority interests		**9**	12
Total equity		**2,531**	3,549

Consolidated cash flow statement

For the year-ended December 31, 2008

	Notes	2008 £m	2007 £m
Reconciliation of cash flows from operating activities			
(Loss)/profit before taxation		**(1,892)**	733
Share of profit of joint ventures		**(74)**	(66)
(Profit)/loss on sale or termination of businesses		**(7)**	2
(Profit)/loss on sale of property, plant and equipment		**(11)**	1
Net interest payable	4	**10**	6
Net post-retirement scheme financing	4	**22**	(30)
Net other financing	4	**2,722**	(197)
Taxation paid		**(117)**	(71)
Amortisation of intangible assets	7	**107**	63
Depreciation of property, plant and equipment		**208**	170
Increase/(decrease) in provisions		**39**	(42)
Increase in inventories		**(208)**	(359)
Increase in trade and other receivables		**(1,072)**	(128)
Increase in trade and other payables		**1,242**	778
Decrease in other financial assets and liabilities		**144**	357
Additional cash funding of post-retirement schemes		**(117)**	(441)
Share-based payments charge		**40**	36
Transfers of hedge reserves to income statement		**(80)**	(149)
Dividends received from joint ventures		**59**	42
Net cash inflow from operating activities		**1,015**	705
Cash flows from investing activities			
Additions of unlisted investments		**(1)**	(5)
Disposals of unlisted investments		**6**	-
Additions to intangible assets		**(389)**	(294)
Purchases of property, plant and equipment		**(286)**	(304)
Disposals of property, plant and equipment		**68**	47
Acquisitions of businesses		**(50)**	(6)
Disposals of businesses		**6**	3
Investments in joint ventures		**(32)**	(13)
Disposals of joint ventures		**30**	-
Net cash outflow from investing activities		**(648)**	(572)
Cash flows from financing activities			
Borrowings due within one year - repayment of loans		**(1)**	(350)
Borrowings due after one year – repayment of loans		**(22)**	-
Capital element of finance lease payments		**(4)**	(5)
Net cash outflow from decrease in borrowings		**(27)**	(355)
Interest received		**52**	95
Interest paid		**(53)**	(93)
Interest element of finance lease payments		**(1)**	(3)
Decrease/(increase) in government securities and corporate bonds		**39**	(6)
Issue of ordinary shares		**17**	29
Purchase of ordinary shares		**(44)**	(77)
Other transactions in ordinary shares		**(4)**	34
Redemption of B Shares		**(200)**	(97)

Net cash outflow from financing activities	**(221)**	(473)
Increase/(decrease) in cash and cash equivalents	**146**	(340)
Cash and cash equivalents at January 1	**1,872**	2,171
Foreign exchange	**441**	41
Net cash of businesses acquired/disposed	**3**	-
Cash and cash equivalents at December 31	**2,462**	1,872

	Notes	2008 £m	2007 £m
Reconciliation of movement in cash and cash equivalents to movements in net funds			
Increase/(decrease) in cash and cash equivalents		**146**	(340)
Net cash outflow from decrease in borrowings		**27**	355
Cash (inflow)/outflow from (decrease)/increase in government securities and corporate bonds		**(39)**	6
Change in net funds resulting from cash flows		**134**	21
Net funds of businesses acquired/disposed		**(3)**	-
Exchange adjustments		**439**	41
Fair value adjustments		**(319)**	(18)
Movement in net funds		**251**	44
Net funds at January 1 excluding the fair value of swaps		**873**	829
Net funds at December 31 excluding the fair value of swaps		**1,124**	873
Fair value of swaps hedging fixed rate borrowings		**334**	15
Net funds at December 31		**1,458**	888

The movement in net funds (defined by the Group as including the items shown below) is as follows:

	At January 1, 2008 £m	Funds flow £m	Net funds of businesses acquired/ disposed £m	Exchange adjustments £m	Fair value adjustments £m	Other non-cash changes £m	At December 31, 2008 £m
Cash at bank and in hand	1,265	(550)	1	224	-	-	940
Overdrafts	(25)	18	-	(2)	-	-	(9)
Short-term deposits	632	678	2	219	-	-	1,531
Cash and cash equivalents	1,872	146	3	441	-	-	2,462
Investments	40	(39)	-	-	-	-	1
Other borrowings due within one year	(4)	1	(6)	-	-	(2)	(11)
Borrowings due after one year	(1,026)	22	-	(3)	(319)	2	(1,324)
Finance leases	(9)	4	-	1	-	-	(4)
	873	134	(3)	439	(319)	-	1,124
Fair value of swaps hedging fixed rate borrowings	15	-	-	-	319	-	334
	888	134	(3)	439	-	-	1,458

Consolidated statement of recognised income and expense

For the year-ended December 31, 2008

	2008 £m	2007 £m
Foreign exchange translation differences from foreign operations	**603**	117
Net actuarial gains	**944**	511
Movements in unrecognised pension surpluses	**(928)**	(112)
Transfers from transition hedging reserve	**(80)**	(149)
Transfer to cash flow hedging reserve	**(41)**	-
Related tax movements	**15**	(86)
Change in rates of corporation tax	**-**	(9)
Net income recognised directly in equity	**513**	272

(Loss)/profit for the year	**(1,345)**	600
Total recognised income and expense for the year	**(832)**	872

Attributable to:		
Equity holders of the parent	**(829)**	878
Minority interests	**(3)**	(6)
Total recognised income and expense for the year	**(832)**	872

Notes to the condensed financial statements

1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the EU in accordance with EU law (IAS Regulation EC 1606/2002).

The financial information set out above does not constitute the Company's statutory accounts for the years ended December 31, 2008 or 2007. Statutory accounts for 2007 have been delivered to the registrar of companies, and those for 2008 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain statements under section 237(2) or (3) of the Companies Act 1985.

The accounting policies used in these financial statements are the same as those set out in the 2007 Annual Report.

2 Analysis by business segment

	2008 £m	2007 £m
Revenue		
Civil aerospace	**4,437**	3,718
Defence aerospace	**1,688**	1,636
Marine	**2,200**	1,542
Energy	**757**	539
	9,082	7,435

	2008			2007		
		Underlying adjustments[1]	**Underlying results**		Underlying adjustments[1]	Underlying results
	£m	£m	£m	£m	£m	£m
Profit before financing						
Civil aerospace	**501**	**65**	**566**	308	256	564
Defence aerospace	**232**	**(9)**	**223**	170	29	199
Marine	**176**	**7**	**183**	91	22	113
Energy	**4**	**(6)**	**(2)**	(8)	13	5
Central items	**(51)**	**-**	**(51)**	(49)	-	(49)
	862	**57**	**919**	512	320	832
Net financing	**(2,754)**	**2,715**	**(39)**	221	(253)	(32)
(Loss)/profit before taxation	**(1,892)**	**2,772**	**880**	733	67	800
Taxation	**547**	**(764)**	**(217)**	(133)	(60)	(193)
(Loss)/profit for the year	**(1,345)**	**2,008**	**663**	600	7	607

1. See note 3

	2008 £m	2007 £m
Net assets/(liabilities)		
Civil aerospace	**330**	2,468
Defence aerospace	**(197)**	(172)
Marine	**488**	563
Energy	**392**	370
Net tax liabilities	**202**	(445)
Net unallocated post-retirement scheme deficits	**(142)**	(123)
Net funds	**1,458**	888
Net assets	**2,531**	3,549

	Number	Number
Employees at year-end		
Civil aerospace	22,600	23,200
Defence aerospace	5,700	5,700
Marine	8,300	8,000
Energy	2,300	2,600
	38,900	39,500

3 Underlying performance

The Group seeks to present a measure of underlying performance that excludes items considered to be non-underlying in nature. The principles adopted are:

Underlying revenues - Where revenues are denominated in a currency other than the functional currency of the group undertaking, these exclude the release of the foreign exchange transition hedging reserve and reflect the achieved exchange rates arising on settled derivative contracts.

Underlying profit before financing - Where transactions are denominated in a currency other than the functional currency of the group undertaking, this excludes the release of the foreign exchange transition hedging reserve and reflects the transactions at the achieved exchange rates on settled derivative contracts. In 2007, it also excluded £130m of past service post-retirement costs.

Underlying profit before taxation - In addition to those adjustments in underlying profit before financing:

- Includes amounts realised from settled derivative contracts and revaluation of relevant assets and liabilities to exchange rates forecast to be achieved from future settlement of derivative contracts.
- Excludes unrealised amounts arising from revaluations required by IAS 39 Financial Instruments: Recognition and Measurement, changes in value of financial RRSP contracts arising from changes in forecast payments and the net impact of financing costs related to post-retirement scheme benefits.

	2008		2007	
	Profit before financing	**Profit before taxation**	Profit before financing	Profit before taxation
	£m	**£m**	£m	£m
Profit/(loss) per consolidated income statement	**862**	**(1,892)**	512	733
Release of transition hedging reserve	**(80)**	**(80)**	(149)	(149)
Realised gains on settled derivative contracts [1]	**185**	**292**	415	420
Net unrealised fair value changes to derivative contracts [2]	**(4)**	**2,475**	-	(251)
Effect of currency on contract accounting	**(44)**	**(44)**	(76)	(76)
Revaluation of trading assets and liabilities	**-**	**(14)**	-	10
Financial RRSPs - foreign exchange differences and changes in forecast payments	**-**	**121**	-	13
Net post-retirement scheme financing	**-**	**22**	-	(30)
Post-retirement schemes - past service costs [3]	**-**	**-**	130	130
Total underlying adjustments	**57**	**2,772**	320	67
Underlying profit	**919**	**880**	832	800

[1] Excludes £24m of realised losses (2007 nil) on derivative contracts in respect of trading cash flows that will occur after the year-end.
[2] Includes £4m (2007 nil) in respect of derivative contracts held by joint venture companies (included in profit before financing).
[3] During 2007, the Group, as part of its ongoing discussions with the Trustees of its UK pension schemes, agreed to reflect changes in HM Revenue & Customs practice and increase the size of the lump sum payment retirees are able to receive by commuting part of the pension. Like many other employers, the Group has also increased the amount of the lump sum payment for the pension commuted. Updating the commutation arrangements to reflect these factors increased the post-retirement liability by £100m. The Group also agreed a 2 per cent discretionary increase applicable to pensions that do not benefit from any guaranteed increase, which increased the liability by £30m.

4 Net financing

	2008		2007	
		Underlying net financing		*Underlying net financing*
	£m	**£m**	£m	£m
Financing income				
Interest receivable	**59**	***59***	83	*83*
Fair value gains on foreign currency contracts	**-**	***-***	215	-
Fair value gains on commodity derivatives	**-**	***-***	36	-
Expected return on post-retirement scheme assets	**373**	***-***	384	-
	432	***59***	718	*83*
Financing costs				
Interest payable	**(69)**	***(69)***	(89)	*(89)*
Fair value losses on foreign currency contracts	**(2,383)**	***-***	-	-
Financial RRSPs - foreign exchange differences and changes in forecast payments	**(121)**	***-***	(13)	-
Financial charge relating to financial RRSPs	**(26)**	***(26)***	(26)	*(26)*
Fair value losses on commodity derivatives	**(96)**	***-***	-	-

Interest on post-retirement scheme liabilities	**(395)**	***-***	(354)	-
Net foreign exchange losses	**(91)**	***-***	(15)	-
Other financing charges	**(5)**	***(3)***	-	-
	(3,186)	***(98)***	(497)	*(115)*
Net financing	**(2,754)**	***(39)***	221	*(32)*
Analysed as:				
Net interest payable	**(10)**	***(10)***	(6)	*(6)*
Net post-retirement scheme financing	**(22)**	***-***	30	-
Net other financing	**(2,722)**	***(29)***	197	*(26)*
Net financing	**(2,754)**	***(39)***	221	*(32)*

5 Earnings per ordinary share (EPS)

Basic EPS are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares held under trust, which have been treated as if they had been cancelled.

Diluted EPS are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year as above, adjusted by the bonus element of share options.

	2008			2007		
	Basic	**Potentially dilutive share options**	**Diluted**	Basic	Potentially dilutive share options	Diluted
(Loss)/profit (£m)	**(1,340)**	**-**	**(1,340)**	606	-	606
Weighted average number of shares (millions)	**1,820**	**-**[1]	**1,820**	1,800	38	1,838
EPS (pence)	**(73.63)**	**-**	**(73.63)**	33.67	(0.70)	32.97

[1] As the basic EPS is negative, in accordance with IAS 33 *Earnings per Share*, share options are not considered dilutive.

Underlying EPS has been calculated as follows:

	2008		2007	
	Pence	**£m**	Pence	£m
EPS / (Loss)/profit attributable to equity holders of the parent	**(73.63)**	**(1,340)**	33.67	606
Release of transition hedge reserve	**(4.40)**	**(80)**	(8.28)	(149)
Realised gains on settled derivative contracts	**16.05**	**292**	23.33	420
Net unrealised fair value changes to derivative contracts	**135.99**	**2,475**	(13.94)	(251)
Effect of currency on contract accounting	**(2.42)**	**(44)**	(4.22)	(76)
Revaluation of trading assets and liabilities	**(0.77)**	**(14)**	0.56	10
Financial RRSPs - foreign exchange differences and changes in forecast payments	**6.65**	**121**	0.72	13
Net post-retirement scheme financing	**1.21**	**22**	(1.67)	(30)
Post-retirement schemes – past service costs - see note 3	**-**	**-**	7.22	130
Related tax effect	**(41.98)**	**(764)**	(1.39)	(25)
Change in rates of corporation tax	**-**	**-**	(1.94)	(35)
Underlying EPS / Underlying profit attributable to equity holders of the parent	**36.70**	**668**	34.06	613

6 Payments to shareholders in respect of the year

Payments to shareholders in respect of the year represent the value of B Shares or C Shares to be issued in respect of the results for the year. Issues of B Shares and C Shares were declared as follows:

	2008 C Shares		2007 B Shares	
	Pence per	**£m**	Pence per	£m

	share		share	
Interim	**5.72**	**105**	4.04	73
Final	**8.58**	**158**	8.96	164
	14.30	**263**	13.00	237

7 Intangible assets

	Goodwill £m	Certification costs and participation fees £m	Development expenditure £m	Recoverable engine costs £m	Software and other £m	Total £m
Cost:						
At January 1, 2008	**801**	**504**	**514**	**366**	**109**	**2,294**
Exchange adjustments	**173**	**9**	**5**	**-**	**7**	**194**
Additions	**-**	**55**	**113**	**97**	**128**	**393**
On acquisitions of businesses	**41**	**-**	**-**	**-**	**11**	**52**
On disposals of businesses	**(2)**	**-**	**-**	**-**	**-**	**(2)**
Disposals	**-**	**-**	**-**	**-**	**(1)**	**(1)**
At December 31, 2008	**1,013**	**568**	**632**	**463**	**254**	**2,930**
Accumulated amortisation and impairment:						
At January 1, 2008	**-**	**150**	**150**	**204**	**29**	**533**
Exchange adjustments	**-**	**3**	**-**	**-**	**2**	**5**
Provided during the year	**5**	**12**	**26**	**46**	**18**	**107**
Disposals	**-**	**-**	**-**	**-**	**(1)**	**(1)**
At December 31, 2008	**5**	**165**	**176**	**250**	**48**	**644**
Net book value at December 31, 2008	**1,008**	**403**	**456**	**213**	**206**	**2,286**
Net book value at December 31, 2007	801	354	364	162	80	1,761

8 Other financial assets and liabilities

The carrying values of other financial assets and liabilities were as follows:

	2008			2007		
	Assets £m	**Liabilities £m**	**Net amount £m**	Assets £m	Liabilities £m	Net amount £m
Foreign exchange contracts	**112**	**(2,293)**	**(2,181)**	433	(54)	379
Commodity contracts	**-**	**(89)**	**(89)**	39	-	39
	112	**(2,382)**	**(2,270)**	472	(54)	418
Interest rate contracts	**278**	**(4)**	**274**	42	(3)	39
Financial RRSPs	**-**	**(455)**	**(455)**	-	(315)	(315)
B Shares	**-**	**-**	**-**	-	(16)	(16)
	390	**(2,841)**	**(2,451)**	514	(388)	126

Foreign exchange and commodity financial instruments

Movements in the fair value of foreign exchange and commodity contracts were as follows:

	2008			2007
	Foreign exchange	**Commodity**	**Total**	Total
At January 1	**379**	**39**	**418**	593
Fair value changes to derivative contracts	**(2,383)**	**(96)**	**(2,479)**	251
Fair value changes to fair value hedges	**83**	**-**	**83**	(6)
Fair value relating to contracts settled	**(236)**	**(32)**	**(268)**	(420)
Fair value of derivative contracts assumed on formation of joint venture	**(24)**	**-**	**(24)**	-
At December 31	**(2,181)**	**(89)**	**(2,270)**	418

Financial risk and revenue sharing partnerships (RRSPs)

Movements in the recognised values of financial RRSPs were as follows:

	2008 **£m**	2007 £m
At January 1	**(315)**	(324)
Cash paid to partners	**53**	55
Addition	**(40)**	-
Exchange adjustments direct to reserves	**(6)**	(7)
Financing charge[1]	**(26)**	(26)
Excluded from underlying profit[1]		
Exchange adjustments	**(118)**	7
Restructuring of financial RRSP agreements and changes in forecast payments	**(3)**	(20)
At December 31	**(455)**	(315)

[1] Total charge included within finance in the income statement is £147m (2007 £39m).

9 Pensions and other post-retirement benefits

Movements in the net post-retirement position recognised in the balance sheet were as follows:

	UK schemes £m	**Overseas schemes £m**	**Total £m**
At January 1	**181**	**(304)**	**(123)**
Exchange adjustments	**-**	**(133)**	**(133)**
Current service cost	**(127)**	**(27)**	**(154)**
Past service cost	**(5)**	**(3)**	**(8)**
Interest on post-retirement scheme liabilities	**(358)**	**(37)**	**(395)**
Expected return on post-retirement scheme assets	**352**	**21**	**373**
Contributions by employer	**248**	**31**	**279**
Transfers	**3**	**-**	**3**
Actuarial gains/(losses)	**1,040**	**(96)**	**944**
Movement in unrecognised surplus[1]	**(926)**	**(2)**	**(928)**
At December 31	**408**	**(550)**	**(142)**
Analysed as:			
Post-retirement scheme surpluses - included in non-current assets	**453**	**-**	**453**
Post-retirement scheme deficits - included in non-current liabilities	**(45)**	**(550)**	**(595)**
	408	**(550)**	**(142)**

[1] Where a surplus has arisen on a scheme, in accordance with IAS 19, the surplus is recognised as an asset only if it represents an economic benefit available to the Group in the future. Any surplus in excess of this benefit is not recognised in the balance sheet.

10 Movements in capital and reserves

Movements in equity attributable to equity holders of the parent were as follows:

	2008 **£m**	2007 £m
At January 1	**3,537**	2,718
Total recognised income and expense attributable to equity holders of the parent	**(829)**	878
Arising on issue of ordinary shares	**17**	29
Issue of B shares	**(237)**	(172)
Conversion of B shares into ordinary shares	**53**	71

Ordinary shares purchased	**(44)**	(78)
Ordinary shares vesting in share-based payment plans	**37**	93
Share-based payments adjustment	**(1)**	(22)
Related tax movements - current tax	**-**	43
Related tax movements - deferred tax	**(11)**	(18)
Change in rate of UK corporation tax - deferred tax	**-**	(5)
At December 31	**2,522**	3,537

11 Sales financing contingent liabilities

In connection with the sale of its products the Group will, on some occasions, provide financing support for its customers. The Group's contingent liabilities related to financing arrangements are spread over many years and relate to a number of customers and a broad product portfolio.

The Group reports contingent liabilities on a discounted basis. As directors consider the likelihood of these contingent liabilities crystallising to be remote, this amount does not represent a value that is expected to crystallise. However, the amounts are discounted at the Group's borrowing rate to reflect the time span over which these exposures could arise. The contingent liabilities are denominated in US dollars. As the Group does not adopt hedge accounting, this amount is reported, together with the sterling equivalent at the reporting date spot rate.

The discounted value of the total gross contingent liabilities relating to delivered aircraft and other arrangements where financing is in place, less insurance arrangements and relevant provisions were:

		2008		2007
	£m	***US$m***	£m	US$m
Gross contingent liabilities	**755**	***1,086***	616	*1,227*
Contingent liabilities net of relevant security [1]	**155**	***222***	140	*279*
Contingent liabilities net of relevant security reduced by 20% [2]	**246**	***354***	218	*434*

[1] Security includes unrestricted cash collateral of:	**85**	***123***	60	*120*

[2] Although sensitivity calculations are complex, the reduction of the relevant security by 20% illustrates the sensitivity of the contingent liability to changes in this assumption

There are also net contingent liabilities in respect of undelivered aircraft, but it is not considered practicable to estimate these as deliveries can be many years in the future, and the relevant financing will only be put in place at the appropriate time.

12 Acquisitions and joint ventures

During the year the Group concluded a joint venture with Goodrich Corporation to develop and manufacture engine controls. As part of the transaction, the Group paid $100m in cash and assumed a further £24m of foreign exchange commitments. These amounts totalling £93m have been included in intangible assets in the year (note 7). The Group also invested £31m in new joint venture companies, including £16m relating to the formation of this engine controls joint venture.

The Group also acquired a number of small businesses for a total consideration of £50m. There were no significant fair value adjustments in respect of the net assets acquired.