

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Income tax expense

A. Income tax recognised in profit or loss

	Year ended 2 January 2010 \$ million	Year ended 3 January 2009 \$ million	Year ended 29 December 2007 \$ million
Current tax			
UK corporation tax on profits for the period	0.3	(13.7)	2.2
Adjustments in respect of prior periods	0.4	0.3	–
Total UK tax	0.7	(13.4)	2.2
Overseas tax on profits for the period	17.2	51.2	109.5
Increase/(decrease) in provision for uncertain tax positions	15.8	(3.2)	(4.0)
Adjustments in respect of prior periods	8.0	2.6	(8.2)
Total overseas tax	41.0	50.6	97.3
Total current tax	41.7	37.2	99.5
Deferred tax			
Origination or reversal of temporary differences	(24.8)	(108.2)	(128.1)
Utilisation of previously unrecognised tax losses	(36.9)	(4.7)	(9.8)
Tax losses in the period not recognised	49.6	111.4	187.5
Other changes in unrecognised deferred tax assets	(1.2)	3.2	5.6
Adjustments in respect of prior periods	(0.4)	(0.5)	(4.2)
Total deferred tax	(13.7)	1.2	51.0
Income tax expense for the period	28.0	38.4	150.5
Continuing operations	28.5	38.4	139.9
Discontinued operations (see note 13)	(0.5)	–	10.6
	28.0	38.4	150.5

The income tax expense for the period recognised in profit or loss differs from the product of the (loss)/profit before tax for the period and the rate of UK corporation tax as follows:

	Year ended 2 January 2010 \$ million	Year ended 3 January 2009 \$ million	Year ended 29 December 2007 \$ million
Profit/(loss) before tax:			
– Continuing operations	38.4	(8.1)	525.1
– Discontinued operations	(4.4)	–	(56.1)
	34.0	(8.1)	469.0
UK corporation tax at 28% (2008: 28.5%; 2007: 30%) on profit/(loss)	9.5	(2.3)	140.7
Permanent differences	(3.3)	(48.7)	(3.4)
Adjustment in respect of prior periods	8.0	2.4	(12.4)
Increase/(decrease) in provisions for uncertain tax positions	15.8	(3.2)	(4.0)
Effect of different tax rates on overseas profits	(11.5)	(7.1)	20.6
Foreign tax credits	(4.1)	(13.3)	(13.8)
Temporary differences on investment in subsidiaries	2.1	0.5	(160.7)
Tax losses in the period not recognised	49.6	111.4	187.5
Utilisation of previously unrecognised tax losses	(36.9)	(4.7)	(9.8)
Other changes in unrecognised deferred tax assets	(1.2)	3.4	5.8
Income tax expense for the period	28.0	38.4	150.5

In 2009, deferred tax assets of \$49.6 million (2008: \$111.4 million, 2007: \$26.8 million) were not recognised on tax losses carried forward because it was not considered probable that the taxable entities concerned would generate sufficient taxable profits in the foreseeable future against which the losses may be utilised. Also in 2009, the provision for uncertain tax positions increased by \$15.8 million, principally due to an extension of the period available to the tax authorities of certain jurisdictions in which to assess tax payable in prior years.

Permanent differences arising in 2008 principally comprised a tax benefit of \$115.8 million on currency translation losses that were not recognised in the accounts but were deductible for tax purposes, less the tax effect of \$69.4 million on expenses that were recognised in the accounts but were not deductible for tax purposes (in particular, the tax effect of \$45.4 million attributable to the impairment of goodwill).

In 2007, a deferred tax asset was not recognised in respect of losses amounting to \$160.7 million that related to investments in subsidiaries that were held for sale because there were insufficient available capital gains against which the losses could be utilised.

B. Income tax (benefit)/expense recognised outside profit and loss

	Year ended 2 January 2010 \$ million	Year ended 3 January 2009 \$ million	Year ended 29 December 2007 \$ million
Income tax on items recognised in other comprehensive income			
Loss/(gain) on net investment hedges	0.6	16.8	(2.1)
Net actuarial (loss)/gain	(27.0)	(30.2)	15.0
Available-for-sale investments:			
– Gain/(loss) arising in the period	0.1	(0.4)	(0.3)
– Reclassification to profit or loss of gain on investments sold	–	(0.5)	(0.2)
	(26.3)	(14.3)	12.4
Income tax on items recognised directly in equity			
Share-based incentives	(0.9)	–	0.2
Income tax (benefit)/expense recognised outside profit or loss	(27.2)	(14.3)	12.6

13. Discontinued operations

A. Background

In 2009, the Group recognised an additional loss of \$4.4 million in relation to discontinued operations that were sold in previous years.

In 2007, the Group recognised a loss of \$59.6 million on the disposal of Trico. Also during 2007, the Group recognised a gain of \$2.4 million on the receipt of additional proceeds in relation to businesses sold in previous years. After the attributable tax expense of \$8.0 million, the loss on disposal of discontinued operations was \$65.2 million.

B. Results and cash flows

The loss for the period from discontinued operations may be analysed as follows:

	Year ended 2 January 2010 \$ million	Year ended 3 January 2009 \$ million	Year ended 29 December 2007 \$ million
Loss for the period of discontinued operations			
Sales	–	–	157.6
Cost of sales	–	–	(131.2)
Gross profit	–	–	26.4
Distribution costs	–	–	(12.8)
Administrative expenses	–	–	(9.9)
Restructuring costs	–	–	(1.6)
Operating profit	–	–	2.1
Net finance costs	–	–	(1.0)
Profit before tax	–	–	1.1
Income tax expense	–	–	(2.6)
Loss after tax	–	–	(1.5)
Loss on disposal of discontinued operations			
Loss before tax	(4.4)	–	(57.2)
Income tax benefit/(expense)	0.5	–	(8.0)
Loss after tax	(3.9)	–	(65.2)
Loss for the period from discontinued operations	(3.9)	–	(66.7)