

Because the shares of Sdu Uitgevers bv, which are classified as being available-for-sale, do not have a quoted market price in an active market, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. Consequently these shares are measured at cost.

The U.S. Medicare Prescription Drug, Improvement, and Modernization Act introduced a tax-free federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to the Medicare Part D benefit. The Group's subsidy has been actuarially determined at €22 million (2005: €15 million), which has been reflected as a non-current asset under receivables.

Deferred Tax Assets and Liabilities

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Deferred tax assets and liabilities	Assets	Liabilities	2006	2005
Intangible assets	30	(352)	(322)	(258)
Employee benefits	55	(2)	53	81
Interest carry-forward	81	-	81	71
Tax value of loss carry-forwards recognized	41	-	41	51
Other items	118	(107)	11	(2)
■ Tax assets/(liabilities)	325	(461)	(136)	(57)
Set off of tax	(269)	269	-	-
■ Net tax assets/(liabilities)	56	(192)	(136)	(57)

The actual realization of the deferred tax assets depends on the generation of future taxable income during the periods in which the temporary differences become deductible. Based on projected future taxable income and available strategies, the Group considers the future realization of these deferred tax assets more likely than not.

Unrecognized deferred tax assets

The Group has not recognized deferred tax assets that relate to unused tax losses amounting to €18 million (2005: €10 million), because it is not probable that future taxable profit will be available against which the Group can utilize the benefits.

Movement in temporary differences, 2005	Balance at January 1	Acquisitions/disposals	Recognized in income	Recognized in equity	Exchange rate differences	Balance at December 31
Intangible assets	(213)	(32)	11		(24)	(258)
Employee benefits	86		(14)	(1)	10	81
Interest carry-forward	62		0		9	71
Tax value of loss carry-forwards recognized	35		11		5	51
Other items	33		(32)		(3)	(2)
■ Total	3	(32)	(24)	(1)	(3)	(57)

Movement in temporary differences, 2006	Balance at January 1	Acquisitions/ disposals	Recognized in income	Recognized in equity	Exchange rate differences	Balance at December 31
Intangible assets	(258)	(119)	27		28	(322)
Employee benefits	81		(11)	(12)	(5)	53
Interest carry-forward	71		17		(7)	81
Tax value of loss carry-forwards recognized	51	15	(20)		(5)	41
Other items	(2)	25	(41)	28	1	11
Total	(57)	(79)	(28)	16	12	(136)

Deferred tax from acquisitions/disposals consists of €71 million related to acquisitions made in 2006 (2005: €26 million) and €8 million (2005: €6 million) related to the final outcome of the purchase price allocation of 2005 acquisitions.

Movements in overall tax position	2006	2005
Position at January 1		
Tax receivable	48	14
Tax payable	(21)	(12)
Deferred tax assets	23	40
Deferred tax liabilities	(80)	(37)
Overall tax position	(30)	5
Movements		
Total income tax expense	(87)	(80)
Deferred tax on acquisitions/disposals	(79)	(32)
Deferred tax on items recognized immediately in equity	16	(1)
Tax payments	36	83
Exchange differences and other movements	2	(5)
Total movements	(112)	(35)
Position at December 31		
Tax receivable	20	48
Tax payable	(26)	(21)
Deferred tax assets	56	23
Deferred tax liabilities	(192)	(80)
Overall tax position	(142)	(30)

Inventories

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Inventories	2006	2005
Raw materials	5	6
Work in progress	25	27
Finished products and trade goods	104	97
Total	134	130

At December 31, 2006, the provision for obsolescence deducted from inventory book values totaled €57 million (2005: €68 million).