

5 Segmental information

The Group's operations are organised and managed separately according to the nature of the services provided, with each segment representing a strategic business unit offering a different package of related services across the Group's markets. A description of the service provision for each segment can be found in the business review on pages 37–41.

Before eliminating sales between business units on consolidation, the Group accounts for sales between business units as if they were to a third party at market rates.

The tables below present revenue, result and certain asset and liability information for the Group's business segments for the years 2007 and 2006. All operations in 2007 are continuing.

Year ended 31 December 2007

Segment revenue	HR Solutions £m	Property Consultancy £m	Insurance and Specialist Services £m	Financial Services £m	Integrated Services £m	ICT and Advisory Services £m	Life & Pensions £m	Professional Services £m	Total £m
Total segment revenue	265.7	244.6	350.0	158.2	317.5	383.3	264.8	302.4	2,286.5
Inter-segment revenue	(19.8)	(12.7)	(25.5)	(1.3)	(15.1)	(91.4)	(9.3)	(38.1)	(213.2)
Third party revenue	245.9	231.9	324.5	156.9	302.4	291.9	255.5	264.3	2,073.3
Segment result									
Result after depreciation	24.4	20.4	37.5	37.9	48.8	29.7	32.3	48.9	279.9
Share based payment	(1.0)	(1.1)	(1.5)	(0.6)	(2.2)	(0.7)	(0.7)	(0.8)	(8.6)
Intangible amortisation	(0.1)	(0.7)	(3.0)	(1.2)	(1.3)	(0.5)	(1.4)	(1.5)	(9.7)
	23.3	18.6	33.0	36.1	45.3	28.5	30.2	46.6	261.6
Net finance costs									(34.1)
Investment income									1.2
Profit before tax									228.7
Corporation taxation									(62.5)
Profit after tax									166.2

Other segment information

Assets by segment

Assets	65.6	72.0	162.1	55.9	105.4	53.8	122.3	54.3	691.4
Intangible assets	81.4	55.0	240.8	176.9	47.9	28.0	64.8	50.9	745.7
	147.0	127.0	402.9	232.8	153.3	81.8	187.1	105.2	1,437.1
Liabilities	(32.6)	(28.4)	(137.3)	(49.5)	(106.4)	(70.9)	(78.6)	(111.0)	(614.7)
Net allocated assets/(liabilities)	114.4	98.6	265.6	183.3	46.9	10.9	108.5	(5.8)	822.4
Unallocated assets									53.5
Unallocated liabilities									(544.1)
Total net assets									331.8
Capital expenditure									
Tangible assets	3.9	2.7	7.2	3.8	9.9	9.1	23.2	8.1	67.9
Depreciation charge	2.8	2.7	7.3	2.1	9.5	6.8	6.4	8.5	46.1
Intangible assets	2.3	0.9	41.6	18.0	24.1	0.0	26.8	13.2	126.9
Intangible amortisation	0.1	0.7	3.0	1.2	1.3	0.5	1.4	1.5	9.7

Unallocated assets include held for sale financial assets, financial assets held at fair value through the income statement, the cash flow hedge financial asset, cash in bank, currency and interest rate swaps and the pension asset. Unallocated liabilities include overdrafts, lease obligations, loan notes, currency swaps, bonds and the pension liability.

Notes to the consolidated financial statements

5 Segmental information (continued)

The tables below present revenue by the geographical location of customers, carrying amount of assets and expenditure on tangible and intangible assets by location of those assets.

Revenue	United Kingdom £m	Non-United Kingdom £m	Total £m
Total segment revenue	2,217.5	69.0	2,286.5
Inter-segment revenue	(203.8)	(9.4)	(213.2)
Third party revenue	2,013.7	59.6	2,073.3
Other segment information			
Assets	665.0	26.4	691.4
Intangible assets	712.1	33.6	745.7
Unallocated assets	53.5	–	53.5
Total assets	1,430.6	60.0	1,490.6
Capital expenditure			
Tangible assets	62.5	5.4	67.9
Intangible assets	109.6	17.3	126.9

Year ended 31 December 2006

Segment revenue	HR Solutions £m	Property Consultancy £m	Insurance and Specialist Services £m	Financial Services £m	Integrated Services £m	ICT and Advisory Services £m	Life & Pensions £m	Professional Services £m	Total £m
Total segment revenue	226.0	225.5	310.1	120.9	317.6	329.3	186.9	249.5	1,965.8
Inter-segment revenue	(20.1)	(26.1)	(26.9)	(0.1)	(16.7)	(77.0)	(2.6)	(57.8)	(227.3)
Third party revenue	205.9	199.4	283.2	120.8	300.9	252.3	184.3	191.7	1,738.5
Segment result									
Result after depreciation	18.7	13.9	32.8	32.1	48.7	25.8	23.4	38.2	233.6
Share based payment	(1.0)	(1.1)	(1.5)	(0.6)	(2.1)	(0.7)	(0.7)	(0.8)	(8.5)
Intangible amortisation	–	(0.2)	(2.2)	(0.9)	(0.9)	(0.4)	(1.2)	(1.1)	(6.9)
	17.7	12.6	29.1	30.6	45.7	24.7	21.5	36.3	218.2
Net finance costs									(25.0)
Profit before tax and minority interests									193.2
Corporation taxation									(53.5)
Minority interests									0.1
Profit after tax and minority interests									139.8
Other segment information									
Assets by segment									
Assets	58.8	68.1	135.7	62.7	118.0	37.2	75.3	51.5	607.3
Intangible assets	79.2	54.8	203.7	160.1	25.1	28.4	39.4	39.3	630.0
	138.0	122.9	339.4	222.8	143.1	65.6	114.7	90.8	1,237.3
Liabilities	(29.1)	(24.0)	(129.9)	(60.8)	(95.7)	(34.9)	(37.5)	(101.0)	(512.9)
Net allocated assets/(liabilities)	108.9	98.9	209.5	162.0	47.4	30.7	77.2	(10.2)	724.4
Unallocated assets									29.8
Unallocated liabilities									(428.4)
Total net assets									325.8
Capital expenditure									
Tangible assets	4.4	3.1	5.3	3.6	16.6	4.9	18.4	6.7	63.0
Depreciation charge	1.6	2.7	4.7	2.0	19.1	3.8	4.9	3.4	42.2
Intangible assets	0.2	2.6	6.0	20.9	0.4	7.9	0.3	11.1	49.4
Intangible amortisation	–	0.2	2.2	0.9	0.9	0.4	1.2	1.1	6.9

5 Segmental information (continued)

The tables below present revenue by the geographical location of customers, carrying amount of assets and expenditure on tangible and intangible assets by location of those assets.

Revenue	United Kingdom £m	Non-United Kingdom £m	Total £m
Total segment revenue	1,915.3	50.5	1,965.8
Inter-segment revenue	(231.1)	3.8	(227.3)
Third party revenue	1,684.2	54.3	1,738.5
Other segment information			
Assets	581.1	26.2	607.3
Intangible assets	612.7	17.3	630.0
Unallocated assets	29.8	–	29.8
Total assets	1,223.6	43.5	1,267.1
Capital expenditure			
Tangible assets	59.4	3.6	63.0
Intangible assets	39.6	9.8	49.4

6 Operating profit

This is stated after charging/(crediting):

	Notes	2007 £m	2006 £m
Employee benefits expense	7	872.7	749.9
Amortisation of intangible assets (as shown in amortisation column)	14	9.7	6.9
Depreciation	13	46.1	42.2
(Profit)/loss on sale of property, plant and equipment		(0.1)	0.3
Amortisation of other intangible assets (treated as depreciation)*	14	1.5	1.2
Minimum lease payments recognised as an operating lease expense		69.5	63.6
Foreign exchange differences		0.2	0.7

*Included within operating activities before amortisation.

UK fees paid to the auditors include fees in relation to:

	2007 £m	2006 £m
Audit of financial statements	0.5	0.5
Other UK fees:		
Local statutory audits for subsidiaries	0.3	0.3
Further assurance services	0.1	0.1
Other non-audit services**	0.1	0.1
	1.0	1.0

**There were no other amounts payable to the auditors requiring disclosure under s390B of the Companies Act 1985.

7 Employee benefits expense

	2007 £m	2006 £m
Wages and salaries	751.1	645.2
Social security costs	76.0	63.1
Pension costs (see note 32)	37.0	33.1
Share based payments	8.6	8.5
	872.7	749.9

The average number of employees during the year was made up as follows:

	2007 Number	2006 Number
Sales	682	671
Administration	1,728	1,749
Operations	24,014	23,164
	26,424	25,584

Details of Directors' remuneration are contained within the Directors' remuneration report on pages 57–62.