

14 Intangible assets

	Brands £m	Software and licences £m	Contracts and committed sales £m	Customer lists and relationships £m	Goodwill £m	Sub-total £m	Other intangibles £m	Total £m
Cost								
At 1 January 2006	5.3	2.0	6.7	26.7	562.1	602.8	12.0	614.8
Subsidiaries acquired	0.6	–	0.2	7.9	39.3	48.0	–	48.0
Additions	–	–	–	–	–	–	1.4	1.4
At 31 December 2006	5.9	2.0	6.9	34.6	601.4	650.8	13.4	664.2
Recognition of intangibles – prior year acquisitions	0.1	0.3	–	3.0	(2.4)	1.0	–	1.0
Subsidiaries acquired	2.8	3.7	–	8.6	105.8	120.9	–	120.9
Additions	–	–	5.0	–	–	5.0	–	5.0
At 31 December 2007	8.8	6.0	11.9	46.2	704.8	777.7	13.4	791.1
Amortisation and impairment								
At 1 January 2006	1.1	0.6	2.9	1.7	12.0	18.3	7.8	26.1
Amortisation during the year	1.2	0.4	0.9	4.4	–	6.9	1.2	8.1
At 31 December 2006	2.3	1.0	3.8	6.1	12.0	25.2	9.0	34.2
Amortisation during the year	1.6	1.1	0.9	6.1	–	9.7	1.5	11.2
At 31 December 2007	3.9	2.1	4.7	12.2	12.0	34.9	10.5	45.4
Net book value								
At 1 January 2006	4.2	1.4	3.8	25.0	550.1	584.5	4.2	588.7
At 31 December 2006	3.6	1.0	3.1	28.5	589.4	625.6	4.4	630.0
At 31 December 2007	4.9	3.9	7.2	34.0	692.8	742.8	2.9	745.7

During the year a total of £3.4m of intangible assets was recognised in respect of prior year acquisitions. This amount was previously reflected within goodwill. As required by IAS 12, deferred taxation is recognised in respect of these items, the impact of this was to increase goodwill in 2007 by £1.0m and to create a deferred tax liability of the same amount.

The amount in 'other intangibles' represents the consideration paid to AON to acquire the contract for the administration of the miners' personal injury liability claims on behalf of the Department of Trade and Industry.

15 Impairment of goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to the groups of cash generating units (CGUs) listed below. These represent the lowest level within the Group at which goodwill is monitored by management for internal reporting purposes.

The significant groups of CGUs identified are Property Consultancy, HR Solutions, Insurance & Specialist Services, Registrar Services, Financial Services and Life & Pensions. The remaining groups of CGUs are included in the 'balance of CGUs' column.

The recoverable amount of all the CGUs is based on a value in use calculation using cash flow projections based on the latest one year budget forecast extrapolated for four future years by a growth rate applicable to each unit; an appropriate terminal value based on a perpetuity calculation using nil real growth is then added. A discount rate of 11.1% is then applied to these projections.

Compound growth rates (years 2–5)	%
Property Consultancy	10.1
HR Solutions	10.1
Insurance & Specialist Services	9.9
Registrar Services	8.7
Financial Services	8.7
Life & Pensions	9.8
Balance of CGUs (weighted average growth rate)	8.5

The growth rates used do not exceed published industry estimates.

Carrying amount of goodwill allocated to groups of cash generating units

	Property Consultancy £m	HR Solutions £m	Insurance & Specialist Services £m	Registrar Services £m	Financial Services £m	Life & Pensions £m	Balance of CGUs £m	Total £m
2007								
Goodwill	47.0	82.0	202.0	105.4	81.2	48.2	127.0	692.8
2006								
Goodwill	46.1	80.7	167.7	93.6	77.3	26.5	97.5	589.4