

Notes to the Consolidated Financial Statements

1. Segmental analysis

The results for the financial year are for the 52 weeks to 26 January 2008 (last year 52 weeks to 27 January 2007) with the exception of Ventura, Next Sourcing and certain other activities which relate to the calendar year to 31 January.

For management purposes the Group comprises a number of divisions, the activities of which are detailed in the Chief Executive's Review. These divisions comprise the business segments which form the Group's primary format for segmental reporting. Secondary information is presented by geographical segment.

By Business Sector

	External revenue		Internal revenue		Total revenue		Operating profit	
	2008	2007	2008	2007	2008	2007	2008	2007
	£m	£m	£m	£m	£m	£m	£m	£m
Next Retail	2,255.1	2,255.0	–	–	2,255.1	2,255.0	319.9	316.6
Next Directory	799.8	774.5	–	–	799.8	774.5	164.4	143.9
Next Brand	3,054.9	3,029.5	–	–	3,054.9	3,029.5	484.3	460.5
Next International	54.1	49.8	–	–	54.1	49.8	7.1	6.0
Next Sourcing	6.4	6.4	613.5	597.2	619.9	603.6	32.8	31.8
Ventura	203.7	190.9	6.9	6.5	210.6	197.4	21.5	20.6
Other	10.0	7.2	159.7	151.7	169.7	158.9	(8.6)	(11.4)
Eliminations	–	–	(780.1)	(755.4)	(780.1)	(755.4)	–	–
	3,329.1	3,283.8	–	–	3,329.1	3,283.8	537.1	507.5

Significant non-cash items in the Other segment operating profit include share option charges of £8.8m (2007: £8.3m) and unrealised foreign exchange gains of £2.3m (2007: losses of £2.0m).

Transactions between business segments are made on an arm's length basis in a manner similar to those with third parties. Segment revenue, segment expense and segment operating profit include transactions between business segments; these transactions are eliminated on consolidation.

	Assets		Liabilities		Capital expenditure		Depreciation	
	2008	2007	2008	2007	2008	2007	2008	2007
	£m	£m	£m	£m	£m	£m	£m	£m
Next Retail	2,843.3	2,740.5	2,974.4	2,977.5	170.8	130.7	99.5	93.6
Next Directory	1,250.0	1,187.3	801.5	836.1	1.0	0.6	1.1	1.2
Next Brand	4,093.3	3,927.8	3,775.9	3,813.6	171.8	131.3	100.6	94.8
Next International	30.1	–	4.4	–	0.4	–	–	–
Next Sourcing	167.9	130.3	60.2	62.8	1.3	1.7	1.7	1.7
Ventura	101.1	110.5	81.3	96.5	3.3	6.5	5.6	5.5
Other	7,636.9	7,623.6	2,935.9	2,359.2	2.6	0.6	0.5	0.3
Eliminations	(10,398.9)	(10,221.2)	(5,148.2)	(4,950.4)	–	–	–	–
	1,630.4	1,571.0	1,709.5	1,381.7	179.4	140.1	108.4	102.3

Other segment assets include subsidiary investments of £2,644.2m (2007: £2,642.1m), intra-group balances of £4,655.5m (2007: £4,708.0m), and other assets held centrally of £337.2m (2007: £273.5m).

Other segment liabilities include intra-group balances of £1,637.4m (2007: £1,454.9m), group borrowings of £649.2m (2007: £593.9m) and other liabilities of £649.4m (2007: £310.4m) which cannot be attributed to reportable segments on a reasonable basis.

Notes to the Consolidated Financial Statements

1. Segmental analysis (continued)

Asset eliminations above comprise elimination of intra-group receivables of £5,040.4m (2007: 4,951.5m) and investments of £5,135.8m (2007: £5,135.5m) and reclassifications and other adjustments of £222.7m (2007: £134.2m). Liability eliminations comprise elimination of intra-group payables of £4,965.2m (2007: £4,891.7m) and reclassifications and other adjustments of £183.0m (2007: £58.7m).

By Geographical Location

	External revenue		Capital expenditure		Assets	
	2008	2007	2008	2007	2008	2007
	£m	£m	£m	£m	£m	£m
United Kingdom	3,161.6	3,125.8	167.7	138.3	1,547.4	1,487.6
Rest of Europe	132.9	120.4	9.9	–	31.5	26.8
Middle East	23.3	26.4	0.2	0.2	14.8	2.8
Asia	11.3	11.2	1.6	1.6	36.7	51.2
	<u>3,329.1</u>	<u>3,283.8</u>	<u>179.4</u>	<u>140.1</u>	<u>1,630.4</u>	<u>1,568.4</u>
UK deferred tax					–	2.6
					<u>1,630.4</u>	<u>1,571.0</u>

2. Revenue and trading profit

	2008	2007
	£m	£m
Sale of goods	3,000.5	2,978.7
Rendering of services	313.9	291.6
Rental income	6.6	6.9
Royalties	8.1	6.6
Revenue	<u>3,329.1</u>	<u>3,283.8</u>
Cost of sales	(2,380.0)	(2,370.3)
Distribution costs	(235.6)	(222.8)
Administrative expenses	(178.2)	(183.4)
Other gains/(losses)	0.6	(1.2)
Trading profit	<u>535.9</u>	<u>506.1</u>

Rendering of services includes £104.4m (2007 £98.1m) of service charge on Directory customer receivables.

Other gains/(losses) are as follows:

	2008	2007
	£m	£m
Other financial assets at fair value through profit or loss:		
Fair value gains	–	0.8
Fair value losses	(1.7)	–
Foreign exchange derivatives:		
Held for trading	2.3	(2.0)
	<u>0.6</u>	<u>(1.2)</u>

Gains and losses on cash flow hedges removed from equity and included in profit or loss for the period comprise gains of £28.6m (2007: £6.2m) included in cost of sales and losses of £0.4m (2007: £nil) included in administrative expenses.