

2 Segment reporting

The Group is a global energy business that operates solely in one business segment, that of electricity generation. The international operations are managed on a geographical basis, reflecting the different characteristics within each geographical market. The Group reports its primary segment information by geographic segment as this reflects how results are reported for management purposes in the day-to-day management of the business. In presenting information on the basis of geographical segments, segment revenues and segment assets are based in the geographical location of both customers and assets. There is no inter-segmental revenue. Refer to notes 37 and 38 for a list of significant entities within each region.

	Year ended 31 December 2007			Year ended 31 December 2006		
	Subsidiaries	Share of joint ventures and associates	Total	Subsidiaries	Share of joint ventures and associates	Total
	£m	£m	£m	£m	£m	£m
a) Revenue (excluding exceptional items and specific IAS 39 mark to market movements)						
North America	705	172	877	732	183	915
Europe	1,462	399	1,861	1,266	411	1,677
Middle East	72	113	185	51	99	150
Australia	439	84	523	378	107	485
Asia	34	392	426	25	393	418
	2,712	1,160	3,872	2,452	1,193	3,645

Revenue (including exceptional items and specific IAS 39 mark to market movements)

North America	677	172	849	761	183	944
Europe	1,300	399	1,699	1,426	411	1,837
Middle East	72	113	185	51	99	150
Australia	242	84	326	321	113	434
Asia	34	392	426	25	393	418
	2,325	1,160	3,485	2,584	1,199	3,783

b) Profit from operations (excluding exceptional items and specific IAS 39 mark to market movements)

North America	108	28	136	73	28	101
Europe	521	53	574	381	69	450
Middle East	44	24	68	32	20	52
Australia	83	(1)	82	121	3	124
Asia	14	82	96	3	88	91
	770	186	956	610	208	818
Corporate costs	(52)	–	(52)	(45)	–	(45)
	718	186	904	565	208	773

Exceptional items and specific IAS 39 mark to market movements included within profit from operations

(386) 125

Profit from operations (including exceptional items and specific IAS 39 mark to market movements)

518 898

Profit from operations (including exceptional items and specific IAS 39 mark to market movements)

North America	91	24	115	83	28	111
Europe	329	54	383	547	68	615
Middle East	44	24	68	32	20	52
Australia	(106)	15	(91)	64	10	74
Asia	14	81	95	3	88	91
	372	198	570	729	214	943
Corporate costs	(52)	–	(52)	(45)	–	(45)
	320	198	518	684	214	898

	Year ended 31 December 2007 £m	Year ended 31 December 2006 £m
Profit from operations (including exceptional items and specific IAS 39 mark to market movements)	518	898
Disposal of interests in businesses – exceptional	289	–
Net finance costs – excluding exceptional items and specific IAS 39 mark to market movements	(308)	(248)
Net finance costs – exceptional items and specific IAS 39 mark to market movements	(16)	(26)
Profit before tax	483	624
Tax expense – excluding exceptional items and specific IAS 39 mark to market movements	(113)	(122)
Tax expense – exceptional items and specific IAS 39 mark to market movements	159	(25)
Profit for the year	529	477

An analysis of exceptional items and specific IAS 39 mark to market movements is included in note 8.

	Year ended 31 December 2007 £m	Year ended 31 December 2006 £m
c) Depreciation and amortisation expenses (excluding exceptional items)		
North America	60	52
Europe	187	150
Middle East	3	3
Australia	66	63
Asia	3	2
	319	270
Corporate costs	1	3
	320	273

Depreciation and amortisation expenses are included within profit from operations. In 2007 the intangible assets relating to the unamortised fair value of the gas supply agreement acquired with Saltend in 2005 was impaired. The charge of £47 million is not included within the Europe total in the above table. In 2006 an impairment reversal of £36 million relating to Deeside power plant was recorded in the income statement. This impairment reversal is not included within the Europe total in the above table (refer to note 8).

	Year ended 31 December 2007 £m	Year ended 31 December 2006 £m
d) Additions to property, plant and equipment		
North America	29	62
Europe	141	83
Middle East	3	47
Australia	57	34
Asia	1	9
	231	235
Corporate	–	1
	231	236

2 Segment reporting continued

	Year ended 31 December 2007			Year ended 31 December 2006		
	Goodwill £m	Contracts and rights £m	Emission allowances £m	Goodwill £m	Contracts and rights £m	Emission allowances £m
e) Expenditure on goodwill and other intangible assets						
North America	–	–	2	40	37	64
Europe	393	69	67	–	12	39
Middle East	–	1	–	–	–	–
Australia	71	–	–	–	–	–
	464	70	69	40	49	103

The table above includes both purchased goodwill and intangible assets recognised on the acquisition of subsidiaries during the year in addition to expenditure incurred on other intangible assets.

	31 December 2007			31 December 2006		
	Segment assets £m	Investments in joint ventures and associates £m	Total £m	Segment assets £m	Investments in joint ventures and associates £m	Total £m
f) Segment assets						
North America	1,445	180	1,625	1,502	184	1,686
Europe	5,625	390	6,015	3,490	363	3,853
Middle East	355	88	443	366	92	458
Australia	2,262	10	2,272	1,879	43	1,922
Asia	68	611	679	194	582	776
	9,755	1,279	11,034	7,431	1,264	8,695
Corporate	577	–	577	601	–	601
Segment assets excluding current and deferred tax assets	10,332	1,279	11,611	8,032	1,264	9,296
Current and deferred tax assets			142			93
Total assets			11,753			9,389

In 2006 the Asia region segment assets included assets held for sale amounting to £128 million.

	31 December 2007			31 December 2006		
	Segment liabilities £m	Investments in joint ventures and associates £m	Total £m	Segment liabilities £m	Investments in joint ventures and associates £m	Total £m
g) Segment liabilities						
North America	1,070	–	1,070	1,134	–	1,134
Europe	3,349	–	3,349	2,016	–	2,016
Middle East	342	–	342	336	–	336
Australia	1,783	–	1,783	1,330	–	1,330
Asia	55	–	55	55	–	55
	6,599	–	6,599	4,871	–	4,871
Corporate	993	–	993	934	–	934
Segment liabilities excluding current and deferred tax liabilities	7,592	–	7,592	5,805	–	5,805
Current and deferred tax liabilities			1,154			844
Total liabilities			8,746			6,649

The analysis of total assets and liabilities includes all attributable goodwill and excludes intercompany balances, which have been eliminated on consolidation. Corporate assets and liabilities include cash held at the corporate level, included in cash and cash equivalents; corporate borrowings, included in loans and bonds; and provisions.