

Notes to the Financial Statements

1. Operating Segments

The Group has two reportable segments, Retail and Car Servicing, which are the Group's strategic business units. Car Servicing became a reporting segment of the Group as a result of the acquisition of Nationwide Autocentres on 17 February 2010. The strategic business units offer different products and services, and are managed separately because they require different operational, technological and marketing strategies.

The operations of the Retail reporting segment comprise the retailing of automotive, leisure and cycling products through retail stores. The operations of the Car Servicing reporting segment comprise car servicing and repair performed from Autocentres.

The Chief Operating Decision Maker is the Executive Directors. Internal management reports for each of the segments are reviewed by the Executive Directors on a monthly basis. Key measures used to evaluate performance are Revenue and Operating Profit. Management believe that these measures are the most relevant in evaluating the performance of the segment and for making resource allocation decisions.

The following summary describes the operations in each of the Group's reportable segments. Performance is measured based on segment operating profit, as included in the management reports that are reviewed by the Executive Directors. These internal reports are prepared in accordance with IFRS accounting policies consistent with these Group Financial Statements.

All material operations of the reportable segments are carried out in the UK and all material non-current assets are located in the UK. The Group's revenue is driven by the consolidation of individual small value transactions and as a result Group revenue is not reliant on a major customer or group of customers. All revenue is from external customers.

	Retail £m	Car Servicing £m	52 weeks to 30 March 2018 Total £m
Income statement			
Revenue	977.2	157.9	1,135.1
Segment result before non-recurring items	72.6	4.1	76.7
Non-recurring items	(4.8)	—	(4.8)
Segment result	67.8	4.1	71.9
Unallocated expenses ¹			(2.1)
Operating profit			69.8
Net financing expense			(2.7)
Profit before tax			67.1
Taxation			(12.4)
Profit for the year			54.7

	Retail £m	Car Servicing £m	52 weeks to 31 March 2017 Total £m
Income statement			
Revenue	938.4	156.6	1,095.0
Segment result before non-recurring items	76.8	2.2	79.0
Non-recurring items	(3.1)	(0.3)	(3.4)
Segment result	73.7	1.9	75.6
Unallocated expenses ¹			(1.9)
Operating profit			73.7
Net financing expense			(2.3)
Profit before tax			71.4
Taxation			(15.0)
Profit for the year			56.4

¹ Unallocated expenses have been disclosed to reflect the format of the internal management reports reviewed by the Chief Operating Decision Maker and include an amortisation charge of £2.1m in respect of assets acquired through business combinations (2017: £1.9m).

Notes to the Financial Statements

1. Operating Segments continued

			52 weeks to 30 March 2018
	Retail £m	Car Servicing £m	Total £m
Other segment items:			
Capital expenditure	30.3	7.0	37.3
Depreciation and impairment expense	18.1	5.9	24.0
Amortisation expense	8.3	0.5	8.8
			52 weeks to 31 March 2017
	Retail £m	Car Servicing £m	Total £m
Other segment items:			
Capital expenditure	29.5	6.6	36.1
Depreciation and impairment expense	16.5	5.1	21.6
Amortisation expense	7.9	0.2	8.1

There have been no significant transactions between segments in the 52 weeks ended 30 March 2018 (2017: £nil).

2. Operating Expenses

	52 weeks to 30 March 2018 £m	52 weeks to 31 March 2017 £m
For the period		
Selling and distribution costs	410.0	401.5
	410.0	401.5
Administrative expenses, before non-recurring items	85.6	80.0
Non-recurring administrative expenses	4.8	3.4
	90.4	83.4
	500.4	484.9

3. Operating Profit

	52 weeks to 30 March 2018 £m	52 weeks to 31 March 2017 £m
For the period		
Operating profit is arrived at after charging/(crediting) the following expenses/(incomes) as categorised by nature:		
Operating lease rentals:		
– plant and machinery	2.8	2.0
– property rents	92.1	91.7
– rentals receivable under operating leases	(3.6)	(3.8)
Landlord surrender premiums	(2.1)	(1.9)
Loss on disposal of property, plant and equipment	4.1	0.2
Amortisation of intangible assets	10.9	10.0
Depreciation and impairment of:		
– owned property, plant and equipment	23.0	20.8
– assets held under finance leases	1.0	0.8
Trade receivables impairment	0.2	0.1
Staff costs (see note 4)	231.4	219.7
Cost of inventories consumed in cost of sales	555.9	524.7