

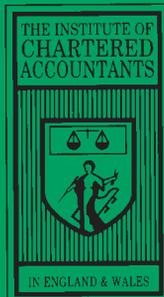
# SSAP

Statement of standard accounting practice No. 25.

# 25

June 1990

## Segmental reporting



STATEMENT OF STANDARD ACCOUNTING PRACTICE

25

*Segmental reporting*

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## STATEMENT OF STANDARD ACCOUNTING PRACTICE

### *Segmental reporting*

*(Issued June 1990)*

*The provisions of this statement of standard accounting practice should be read in conjunction with the Explanatory Foreword to accounting standards and need not be applied to immaterial items.*

#### **Part 1 – Explanatory note**

##### **Purpose of segmental information**

- 1 Many entities carry on several classes of business or operate in several geographical areas, with different rates of profitability, different opportunities for growth and different degrees of risk. It is not usually possible for the user of the financial statements of such an entity to make judgements about either the nature of the entity's different activities or their contribution to the entity's overall financial results unless the financial statements provide some segmental analysis of the information they contain. The purpose of segmental information is, therefore, to provide information to assist the users of financial statements:
  - (a) to appreciate more thoroughly the results and financial position of the entity by permitting a better understanding of the entity's past performance and thus a better assessment of its future prospects; and
  - (b) to be aware of the impact that changes in significant components of a business may have on the business as a whole.
- 2 This accounting standard should ensure as far as possible that the segmental information reported by an entity is disclosed on a consistent basis, year by year. However, caution should be exercised if comparing similar segments in different entities, because, in addition to any differences in accounting policies adopted, the basis of accounting for inter-segment sales or the treatment of common costs may not be consistent between entities.

##### **Scope and applicability**

- 3 This accounting standard contains provisions relating to the statutory segmental disclosure requirements contained in companies legislation in the United Kingdom and the Republic of Ireland. All companies are required to comply with these provisions.
- 4 This accounting standard also contains provisions relating to the disclosure of inter-segment turnover, geographical segment result, segment net assets, origin of turnover, and segmental information about associated undertakings, which are not required by companies legislation. These provisions apply to any entity that:
  - (a) is a public limited company or has a public limited company as a subsidiary; or
  - (b) is a banking or insurance company or group (as defined for the purposes of Part VII of the Companies Act 1985); or
  - (c) exceeds the criteria, multiplied in each case by 10, for defining a medium-sized company under Section 248 of the Companies Act 1985, as amended from time to time by statutory instrument.

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However, a subsidiary that is not a public limited company or a banking or insurance company need not comply with these provisions if its parent provides segmental information in compliance with this accounting standard.

All entities are encouraged to apply the provisions of this accounting standard in all financial statements intended to give a true and fair view of the financial position and profit or loss. 5

Where, in the opinion of the directors, the disclosure of any information required by this accounting standard would be seriously prejudicial to the interests of the reporting entity, that information need not be disclosed; but the fact that any such information has not been disclosed must be stated. This repeats the exemption contained in paragraph 55(5) of Schedule 4 to the Companies Act 1985\* in the wider context of this accounting standard. 6

### **Determining reportable segments**

Information contained in financial statements can be segmented in two principal ways — by class of business and geographically. The Companies Act 1985 recognises both of these bases in paragraph 55 of Schedule 4, referring to the geographical areas as 'markets'. Paragraph 55 states that in analysing the source (in terms of either business or market) of turnover or profit or loss the directors should have regard to the manner in which the company's activities are organised. Paragraph 55 also states that it is for the directors to determine whether the company has carried on business of two or more classes or has supplied markets that differ substantially from each other and that where, in the opinion of the directors, the classes of business or the markets do not differ substantially from each other they may be treated as one. 7

In identifying separate reportable segments, the directors should have regard to the overall purpose of presenting segmental information (as set out in paragraph 1) and the need of the user of the financial statements to be informed where an entity carries on operations in different classes of business or in different geographical areas that: 8

- (a) earn a return on investment that is out of line with the remainder of the business; or
- (b) are subject to different degrees of risk; or
- (c) have experienced different rates of growth; or
- (d) have different potentials for future development.

Each class of business or geographical segment that is significant to an entity as a whole should be identified as a reportable segment. For the purposes of this accounting standard a segment should normally be regarded as significant if: 9

- (a) its third party turnover is ten per cent or more of the total third party turnover of the entity; or
- (b) its segment result, whether profit or loss, is ten per cent or more of the combined result of all segments in profit or of all segments in loss, whichever combined result

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\*Throughout this statement of standard accounting practice, references to paragraph 55 of Schedule 4 to the Companies Act 1985 should be read in the Republic of Ireland as references to paragraph 41 of the Schedule to the Companies (Amendment) Act 1986.

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is the greater; or

(c) its net assets are ten per cent or more of the total net assets of the entity.

- 10 The directors should review the definitions of the segments annually and re-define them when appropriate. In doing so the directors should have regard to the fundamental objective of this accounting standard, which is to achieve, as far as possible, consistency and comparability between years.

### **Classes of business**

- 11 A separate class of business is a distinguishable component of an entity that provides a separate product or service or a separate group of related products or services.
- 12 When deciding whether or not an entity operates in different classes of business, the directors should take into account the following factors:
- (a) the nature of the products or services;
  - (b) the nature of the production processes;
  - (c) the markets in which the products or services are sold;
  - (d) the distribution channels for the products;
  - (e) the manner in which the entity's activities are organised;
  - (f) any separate legislative framework relating to part of the business, for example, a bank or an insurance company.
- 13 Although it is possible to identify certain characteristics that differentiate between classes of business, no single set of characteristics is universally applicable nor is any single characteristic determinative in all cases. Consequently, determination of an entity's classes of business must depend on the judgement of the directors.

### **Geographical segments**

- 14 A geographical segment is a geographical area comprising an individual country or a group of countries in which an entity operates, or to which it supplies products or services.
- 15 A geographical analysis should help the user of the financial statements to assess the extent to which an entity's operations are subject to factors such as the following:
- (a) expansionist or restrictive economic climates;
  - (b) stable or unstable political regimes;
  - (c) exchange control regulations;
  - (d) exchange rate fluctuations.
- 16 It is not practicable to define a method of grouping that will reflect all the differences between international business environments and that would apply to all entities. The selected grouping should reflect the purpose of presenting segmental information (as set out in paragraph 1) and the factors noted in paragraphs 8 and 15. Although geographical proximity may indicate similar economic trends and risks, this will not necessarily be the case.

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### Information to be disclosed

#### General

The entity should define in its financial statements each reported class of business and geographical segment. 17

#### Turnover

The factors listed in paragraph 15 apply both to the geographical locations of the entity's operations and to the geographical locations of its markets. The user of the financial statements gains a fuller understanding of the entity's exposure to these factors, if turnover is disclosed according to both location of operations and location of markets. For the purposes of this accounting standard, origin of turnover is the geographical area *from* which products or services are supplied to a third party or another segment. Destination of turnover is the geographical area *to* which goods or services are supplied. Because disclosure relating to segment results and net assets will generally be based on location of operations, an analysis of turnover on the same basis will enable the user to match turnover, result and net assets on a consistent basis, and to relate all three to the perceived risks and opportunities of the segments. For these reasons this accounting standard requires the disclosure of sales by origin, but reporting entities should also disclose turnover by destination unless there is no material difference between the two. If there is no material difference, a statement to that effect is required. 18

Inter-segment sales and transfers are often a material part of the total turnover of the reportable segments and in such cases they should be analysed segmentally and shown separately. The geographical analysis of inter-segment turnover should be disclosed by origin. Analysis by destination usually has little or no value and would not normally be provided. 19

The Companies Act 1985 and the Companies (Northern Ireland) Order 1986 contain provisions exempting banking and insurance companies and groups from the requirement to disclose turnover in certain circumstances. In the Republic of Ireland, similar exemptions are extended to special classes of companies (banking, discount and insurance companies) under the Companies Act 1963. Certain other entities — for example, building societies — are subject to different statutory rules from those applied to companies. Where turnover is not required by statute to be disclosed, it is not required by this accounting standard to be disclosed segmentally. The fact that such turnover has not been disclosed segmentally should be stated. 20

#### Segment result

The entity should disclose the result of each reportable segment before accounting for taxation, minority interests and extraordinary items. The geographical analysis of segment result should normally be based on the areas from which products or services are supplied. 21

In the majority of entities, different classes of business or geographical segments are financed by different proportions of interest-bearing debt and equity. The interest earned or incurred by individual segments is therefore a result of the entity's overall financial policy rather than a proper reflection of the results of the various segments. Consequently, comparisons of profit between segments or between different years for the 22

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same segment are likely to be meaningless if interest is included in arriving at the result. For these reasons, it will normally be appropriate for segment results to be disclosed before taking account of interest. However, where all or part of the entity's business is to earn and/or incur interest (as in the financial sector, for example), or where interest income or expense is central to the business (as in the contracting or travel businesses, for example), interest should normally be included in arriving at the segment result.

### **Common costs**

- 23 Common costs are costs relating to more than one segment. They should be treated in the way that the directors deem most appropriate in pursuance of the objectives of segmental reporting. Entities may apportion some common costs for the purposes of internal reporting and, in such cases, it may be reasonable for such costs to be similarly apportioned for external reporting purposes. If the apportionment would be misleading, common costs should not be apportioned in the segmental disclosures but should be deducted from the total of the segment results. Costs that are directly attributable to individual reportable segments are not common costs for the purposes of this accounting standard and therefore should be allocated to those segments, irrespective of the fact that they may have been borne by a different segment or by the Head Office.

### **Segment net assets**

- 24 The net assets of each reportable segment should be disclosed. In most cases these will be the non-interest bearing operating assets less the non-interest bearing operating liabilities. However, to the extent that the segment result is disclosed after accounting for interest as described in paragraph 22, the corresponding interest-bearing operating assets and liabilities should also be included.
- 25 Segment operating assets and liabilities may include assets and liabilities relating exclusively to one segment and also an allocated portion of assets and liabilities that relate jointly to more than one segment. Assets and liabilities used jointly by more than one segment should be allocated to the segments on a reasonable basis. Assets and liabilities that are not used in the operations of any segment should not be allocated to segments. Operating assets of a segment should not normally include loans or advances to, or investments in, another segment unless interest therefrom has been included in arriving at the segment result on the basis set out in paragraph 22.

### **Associated undertakings**

- 26 Sometimes associated undertakings form a significant part of a reporting entity's results or assets. In such circumstances the following information should be analysed segmentally and shown separately in the segmental report:
- (a) the reporting entity's share of the profits or losses of associated undertakings before accounting for taxation, minority interests and extraordinary items; and
  - (b) the reporting entity's share of the net assets of associated undertakings (including goodwill to the extent that it has not been written off) stated, where possible, after attributing fair values to the net assets at the date of acquisition of the interest in each associated undertaking.

However, it is recognised that this information might be unobtainable or publication might be prejudicial to the business of the associate. In such circumstances the disclosure

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is not required but the reason for non-disclosure should be stated by way of note, together with a brief description of the omitted business or businesses.

For the purposes of this accounting standard, associated companies form a significant part of the reporting entity's results or assets if, in total, they account for at least 20% of the total result or 20% of the total net assets of the reporting entity. 27

### General

The total of the amounts disclosed by segment should agree with the related total in the financial statements. If it does not, the reporting entity should provide a reconciliation between the two figures. Reconciling items should be properly identified and explained. 28

Comparative figures for the previous accounting period should be provided. If a change is made to the definitions of the segments or to the accounting policies that are adopted for reporting segmental information, the nature of the change should be disclosed. The reason for the change and the effect of the change should be stated. The previous year's figures should be restated to reflect the change. 29

## Part 2 – Definition of terms

*A class of business* is a distinguishable component of an entity that provides a separate product or service or a separate group of related products or services. 30

*A geographical segment* is a geographical area comprising an individual country or group of countries in which an entity operates, or to which it supplies products or services. 31

*Origin* of turnover is the geographical segment from which products or services are supplied to a third party or to another segment. 32

*Destination* of turnover is the geographical segment to which products or services are supplied. 33

## Part 3 – Standard accounting practice

If an entity has two or more classes of business, or operates in two or more geographical segments which differ substantially from each other, it should define its classes of business and geographical segments in its financial statements, and it should report with respect to each class of business and geographical segment the following financial information: 34

- (a) turnover, distinguishing between (i) turnover derived from external customers and (ii) turnover derived from other segments;
- (b) result, before accounting for taxation, minority interests and extraordinary items; and
- (c) net assets.

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The reporting entity should disclose the geographical segmentation of turnover by origin. It should also disclose turnover to third parties by destination or state where appropriate that this amount is not materially different from turnover to third parties by origin. Segment result will normally be disclosed before taking account of interest. However, where all or part of the entity's business is to earn and/or incur interest, or where interest income or expense is central to the business, interest should normally be included in arriving at the segment result. Net assets will normally be non-interest bearing operating assets less the non-interest bearing operating liabilities, but to the extent that the segment result is disclosed after accounting for interest the corresponding interest-bearing assets or liabilities should also be included.

- 35 When both parent and consolidated financial statements are presented, segmental information should be presented on the basis of the consolidated financial statements.
- 36 The reporting entity should disclose the following information segmentally in relation to its associated undertakings if these account for at least 20% of its total result or 20% of its total net assets:
- (a) the entity's share of the results of associated undertakings before accounting for taxation, minority interests and extraordinary items; and
  - (b) the entity's share of the net assets of associated undertakings (including goodwill to the extent it has not been written off) stated, where possible, after attributing fair values to the net assets at the date of acquisition of the interest in each associated undertaking.

The segmental disclosure should be of the aggregate amounts for all associated undertakings for which the information is available and should be shown separately in the segmental report. However, this information need not be disclosed if it is unobtainable or publication would be prejudicial to the business of the associate. In such circumstances, the reason for non-disclosure should be stated by way of note, together with a brief description of the omitted business or businesses.

- 37 The total of the amounts disclosed by segment should agree with the related total in the financial statements. If it does not, the reporting entity should provide a reconciliation between the two amounts. Reconciling items should be properly identified and explained.
- 38 Comparative figures for the previous accounting period should be provided. If, however, on the first occasion on which an entity provides a segmental report the necessary information is not readily available, comparative figures need not be provided.
- 39 The directors should re-define the segments when appropriate. If a change is made to the definitions of the segments or to the accounting policies that are adopted for reporting segmental information, the nature of the change should be disclosed. The reason for the change and its effect should be stated. The previous year's figures should be re-stated to reflect the change.
- 40 This accounting standard contains provisions relating to the statutory segmental disclosure requirements contained in companies legislation in the United Kingdom and the

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Republic of Ireland. All companies are required to comply with these provisions.

This accounting standard also contains provisions relating to segmental disclosures which are not required by companies legislation.\* These provisions apply to any entity that: 41

- (a) is a public limited company or that has a public limited company as a subsidiary; or
- (b) is a banking or insurance company or group (as defined for the purposes of Part VII of the Companies Act 1985); or
- (c) exceeds the criteria, multiplied in each case by 10, for defining a medium-sized company under section 247<sup>1</sup> of the Companies Act 1985, as amended from time to time by statutory instrument.

However, a subsidiary that is not a public limited company or a banking or insurance company need not comply with these provisions if its parent provides segmental disclosures in compliance with this accounting standard.

All other entities are encouraged to apply the provisions of this accounting standard in all financial statements intended to give a true and fair view of the financial position and profit or loss. 42

Where, in the opinion of the directors, the disclosure of any information required by this accounting standard would be seriously prejudicial to the interests of the reporting entity, that information need not be disclosed. The fact that any such information has not been disclosed must be stated. 43

Entities that are not required by statute to disclose turnover in their financial statements are not required by this accounting standard to disclose turnover segmentally. The fact that turnover has not been disclosed segmentally should be stated in the financial statements. 44

### **Date from which effective**

The provisions of this statement of standard accounting practice should be adopted as soon as possible and regarded as standard in respect of financial statements relating to accounting periods beginning on or after 1 July 1990. 45

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\*Disclosures not required by the Companies Act 1985 are those set out in paragraphs 34(a)ii, 34(b) insofar as it relates to geographical segment result, 34(c), 34 in so far as it relates to origin of turnover, and 36.

### **Equivalent legal references**

Great Britain <i>Companies Act 1985</i>	Northern Ireland <i>Companies (Northern Ireland) Order 1986</i>	Republic of Ireland <i>Companies (Amendment) Act 1986</i>
Section 247	Article 256 (as amended)	Section 8

## STATEMENT OF STANDARD ACCOUNTING PRACTICE

### Part 4 – Legal and International Stock Exchange requirements in Great Britain and Northern Ireland

#### Company law

*All paragraph references, unless otherwise indicated, are to the Schedules to the Companies Act 1985 and the Companies (Northern Ireland) Order 1986.*

- 46 Paragraph 55(1) of Schedule 4 requires all companies that, in the course of the financial year, have carried on business of two or more classes that (in the opinion of the directors) differ substantially from each other to state:
- (a) a description of each class of business;
  - (b) the amount of turnover attributable to each class of business; and
  - (c) the amount of the profit or loss of the company before taxation that is, in the opinion of the directors, attributable to each class of business.
- 47 Paragraph 55(2) of Schedule 4 requires all companies that, in the course of the financial year, have supplied geographical markets that (in the opinion of the directors) differ substantially from each other to state the amount of the turnover attributable to each market.
- 48 Paragraph 55(3) of Schedule 4 provides that, in analysing the source (in terms of either classes of business or markets) of turnover or profit or loss for the purposes of paragraph 55, the directors of the company shall have regard to the manner in which the company's activities are organised.
- 49 Paragraph 55(4) of Schedule 4 provides that, for the purposes of paragraph 55:
- (a) classes of business which, in the opinion of the directors, do not differ substantially from each other shall be treated as one class;
  - (b) markets which, in the opinion of the directors, do not differ substantially from each other shall be treated as one market; and
  - (c) any amounts properly attributable to one class of business or to one market which are not material may be included in the amount stated in respect of another.
- 50 Paragraph 55(5) of Schedule 4 states that where, in the opinion of the directors, the disclosure of any information required by paragraph 55 would be seriously prejudicial to the interests of the company, that information need not be disclosed but the fact that any such information has not been disclosed must be stated.
- 51 Schedule 9 deals with the special provisions for banking and insurance companies and groups. Paragraph 17 of Schedule 9 requires the following matters to be stated by way of note, if not otherwise shown:
- (a) the turnover for the financial year, except in so far as it is attributable to the business of banking or discounting;
  - (b) if some or all of the turnover is omitted by reason of its being attributable to the business of banking or discounting, the fact that it is so omitted; and
  - (c) the method by which turnover stated is arrived at.

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Paragraph 17(5) of Schedule 9 provides that a company should not be subject to the requirements of paragraph 17 if it is neither a parent company nor a subsidiary undertaking and the turnover which, apart from sub-paragraph 17(5), would be required to be stated does not exceed £1 million. 52

Schedule 10 deals with the directors' report where accounts are prepared in accordance with the special provisions for banking or insurance companies or groups. Paragraph 2 provides that where a company prepares group accounts in accordance with the special provisions and, in the course of the financial year to which the accounts relate, the group has carried on business of two or more classes (other than banking or discounting of a class prescribed for the purpose of paragraph 17(2) of that Schedule) that in the opinion of the directors differ substantially from each other, there shall be contained in the directors' report a statement of – 53

- (a) the proportions in which the turnover for the financial year (so far as stated in the consolidated accounts) is divided amongst those classes (describing them); and
- (b) as regards business of each class, the extent or approximate extent (expressed in money terms) to which, in the opinion of the directors, the carrying on of business of that class contributed to, or restricted, the profit or loss of the company for that year (before taxation).

Classes of business which, in the opinion of the directors, do not differ substantially from each other, are to be treated as one class.

### **International Stock Exchange**

The International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd sets out its requirements for segmental information in the 'Admission of Securities to Listing'. Section 5, Chapter 2, paragraph 21(c) of that publication requires: 54

'a geographical analysis of both net turnover and contribution to trading results of those trading operations carried on by the company (or group) outside the United Kingdom and the Republic of Ireland'.

No analysis of the contribution to trading results is required unless the contribution to profit or loss from a specific area is 'abnormal' in nature. 'Abnormal' is defined as substantially out of line with the normal ratio of profit to turnover. 55

## **Part 5 – Legal and International Stock Exchange requirements in the Republic of Ireland**

### **Company law**

*All paragraph references, unless otherwise indicated, are to the Schedule to the Companies (Amendment) Act 1986.*

Paragraph 41(1) requires all companies that, in the course of the financial year, have carried on business of two or more classes that (in the opinion of the directors) differ substantially from each other to state: 56

- (a) a description of each class of business; and
- (b) the amount of turnover attributable to each class of business.

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- 57 Paragraph 41(2) requires all companies that, in the course of the financial year, have supplied geographical markets that (in the opinion of the directors) differ substantially from each other, to state the amount of the turnover attributable to each market.
- 58 Paragraph 41(3) provides that, in analysing the source (in terms of either classes of business or markets) of turnover, the directors of the company shall have regard to the manner in which the company's activities are organised.
- 59 Paragraph 41(4) provides that, for the purposes of paragraph 41:
- (a) classes of business which, in the opinion of the directors, do not differ substantially from each other shall be treated as one class;
  - (b) markets which, in the opinion of the directors, do not differ substantially from each other shall be treated as one market; and
  - (c) any amounts properly attributable to one class of business or to one market which are not material may be included in the amount stated in respect of another.
- 60 Paragraph 41(5) states that where, in the opinion of the directors, the disclosure of any information required by paragraph 41 would be seriously prejudicial to the interests of the company, that information need not be disclosed but the fact that any such information has not been disclosed must be stated.
- 61 Banking, discount and insurance companies are regarded as special classes of companies and as such come within Part III of the Sixth Schedule to the Companies Act 1963 which exempts them from the disclosure requirements of the Schedule to the Companies (Amendment) Act 1986.
- 62 The International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd sets out its requirements for segmental information in the 'Admission of Securities to Listing'. Section 5, Chapter 2, paragraph 21(c) of that publication requires:
- 'a geographical analysis of both net turnover and contribution to trading results of those trading operations carried on by the company (or group) outside the United Kingdom and the Republic of Ireland'.
- 63 No analysis of the contribution to trading results is required unless the contribution to profit or loss from a specific area is 'abnormal' in nature. 'Abnormal' is defined as substantially out of line with the normal ratio of profit to turnover.

### **Part 6 – Compliance with International Accounting Standard No. 14 'Reporting Financial Information by Segment'**

- 64 Compliance with the requirements of this accounting standard will ensure compliance with IAS14 in all material respects, except in the following circumstances.
- (a) This accounting standard does not require the basis of inter-segment pricing to be disclosed. This information must be disclosed in order to comply with IAS14.
  - (b) This accounting standard requires the disclosure of segment 'net assets', whereas IAS14 refers to 'assets employed'. However, as stated in paragraph 34, net assets

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will normally be the non-interest bearing operating assets less the non-interest bearing operating liabilities, and in those cases net assets will not be materially different from assets employed.

- (c) This accounting standard gives the following exemptions which do not appear in IAS14.
  - (i) An entity need not disclose segmental information if disclosure would be seriously prejudicial to its interests.
  - (ii) An entity that is not required by statute to disclose turnover is not required to disclose turnover segmentally.
  - (iii) A subsidiary that is not a public limited company or a banking or insurance company need not make the segmental disclosures required by this accounting standard if its parent does so.

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**Appendix: Illustrative segmental report**

*This Appendix is for general guidance only and does not form part of the Statement of Standard Accounting Practice*

CLASSES OF BUSINESS	Industry A		Industry B		Other industries		Group	
	1990 £000	1989 £000	1990 £000	1989 £000	1990 £000	1989 £000	1990 £000	1989 £000
<b>TURNOVER</b>								
Total sales	33,000	30,000	42,000	38,000	26,000	23,000	101,000	91,000
Inter-segment sales	(4,000)	—	—	—	(12,000)	(14,000)	(16,000)	(14,000)
Sales to third parties	29,000	30,000	42,000	38,000	14,000	9,000	85,000	77,000
<b>PROFIT BEFORE TAXATION</b>								
Segment profit	3,000	2,500	4,500	4,000	1,800	1,500	9,300	8,000
Common costs							300	300
Operating profit							9,000	7,700
Net interest							(400)	(500)
Group share of the profits before taxation of associated undertakings	1,000	1,000	1,400	1,200	—	—	8,600	7,200
<b>Group profit before taxation</b>								
NET ASSETS								
Segment net assets	17,600	15,000	24,000	25,000	19,400	19,000	61,000	59,000
Unallocated assets							3,000	3,000
Group share of the net assets of associated undertakings	10,200	8,000	8,800	9,000	—	—	64,000	62,000
<b>Total net assets</b>								
	10,200	8,000	8,800	9,000	—	—	19,000	17,000
							83,000	79,000

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	United Kingdom		North America		Far East		Other		Group	
	1990 £000	1989 £000	1990 £000	1989 £000	1990 £000	1989 £000	1990 £000	1989 £000	1990 £000	1989 £000
<b>GEOGRAPHICAL SEGMENTS</b>										
<b>TURNOVER</b>										
Turnover by destination										
Sales to third parties	34,000	31,000	16,000	14,500	25,000	23,000	10,000	8,500	85,000	77,000
Turnover by origin										
Total sales	38,000	34,000	29,000	27,500	23,000	23,000	12,000	10,500	102,000	95,000
Inter-segment sales	—	—	(8,000)	(9,000)	(9,000)	(9,000)	—	—	(17,000)	(18,000)
Sales to third parties	38,000	34,000	21,000	18,500	14,000	14,000	12,000	10,500	85,000	77,000
<b>PROFIT BEFORE TAXATION</b>										
Segment profit	4,000	2,900	2,500	2,300	1,800	1,900	1,000	900	9,300	8,000
Common costs									300	300
Operating profit									9,000	7,700
Net interest									(400)	(500)
Group share of the profit before taxation of associated undertakings	950	1,000	1,450	1,200	—	—	—	—	8,600	7,200
<b>Group profit before taxation</b>										
NET ASSETS										
Segment net assets	16,000	15,000	25,000	26,000	16,000	15,000	4,000	3,000	61,000	59,000
Unallocated assets									3,000	3,000
Group share of the net assets of associated undertakings	8,500	7,000	10,500	10,000	—	—	—	—	64,000	62,000
<b>Total net assets</b>										
	8,500	7,000	10,500	10,000	—	—	—	—	19,000	17,000
									83,000	79,000

Unallocated assets consist of assets at the Group's head office in London amounting to £2.4 million (1989 £2.5 million) and at the Group's regional office in Hong Kong amounting to £0.6 million (1989 £0.5 million)



