

# Notes to the consolidated financial statements

Year ended 31 July 2008

## 3. Amounts charged in arriving at operating profit

	2008 £m	2007 £m
Depreciation of property, plant and equipment	212	182
Amortisation of non-acquired intangible assets	15	9
Impairment of non-acquired intangible assets	15	–
Profit on disposal of businesses	(6)	–
Profit on disposal of property, plant and equipment and assets available-for-sale	(16)	(27)
Staff costs (note 11)	2,340	2,226
Amortisation of acquired intangible assets	135	119
Impairment of acquired intangible assets	171	5
Operating lease rentals: land and buildings	234	202
Operating lease rentals: plant and machinery	44	42
Amounts included in costs of goods sold with respect to inventory	11,530	11,312
Amounts credited to reverse write downs of inventory	(21)	(1)
Trade receivables impairment	101	54

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

Fees for the audit of parent company and consolidated financial statements	0.6	0.8
Other services		
– Fees for the audit of the company's subsidiaries pursuant to legislation	3.6	5.5
– Fees for other services pursuant to legislation	0.8	0.1
– Taxation	4.1	3.9
– Other services	0.1	0.2
Total fees payable to the auditors	9.2	10.5

Note: amounts in 2007 include audit fees in relation to Section 404 of the US Sarbanes-Oxley Act 2002.

## 4. Exceptional items

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the income statement to enable a full understanding of the Group's financial performance.

In 2008, the Group recognised exceptional restructuring costs of £76 million before tax. The costs comprise staff redundancy costs of £32 million and other costs, including provisions for future lease rentals on closed branches and asset write-downs, of £44 million.

There were no exceptional items in 2007 as restructuring costs in that year were not considered to be material (£20 million).

Exceptional items before tax are analysed by segment as follows:

	2008 £m	2007 £m
UK and Ireland	(12)	–
France	(21)	–
Nordic region	(3)	–
Central and Eastern Europe	(2)	–
European central costs	(4)	–
Europe	(42)	–
US plumbing and heating	(21)	–
US building materials	(6)	–
Canada	(5)	–
North American central costs	–	–
North America	(32)	–
Group central costs	(2)	–
Group	(76)	–