

(13) Property and equipment

Cost	Total	Buildings and Land	Fixtures, fittings and furniture	Computer hardware	Other property and equipment
Balance at 1 January 2005	232	22	119	81	10
Additions	28	7	12	8	1
Disposals	-15		-9	-6	
Exchange differences	6		2	4	
Balance at 1 January 2006	251	29	124	87	11
Acquisitions of subsidiaries	3		2	1	
Additions	39	2	25	11	1
Disposals	-34	-2	-17	-14	-1
Exchange differences	-2		-1	-1	
Balance at 31 December 2006	257	29	133	84	11

Accumulated depreciation and impairment losses

Balance at 1 January 2005	-164	-13	-83	-65	-3
Depreciation for the year	-27	-2	-13	-10	-2
Disposals	12	-2	8	6	
Exchange differences	-2	-1	-1		
Balance at 1 January 2006	-181	-18	-89	-69	-5
Depreciation for the year	-27	-2	-13	-10	-2
Disposals	31	1	15	14	1
Exchange differences	2		1	1	
Balance at 31 December 2006	-175	-19	-86	-64	-6

Carrying amounts

At 1 January 2005	68	9	36	16	7
At 31 December 2005	70	11	35	18	6
At 31 December 2006	82	10	47	20	5

(14) Intangible assets

Cost	Total	Goodwill	Software
Balance at 1 January 2005	873	792	81
Effect of change in accounting principle	38	38	
Acquisition of subsidiaries	57	56	1
Fair value change deferred consideration business combinations	4	4	
Additions	9		9
Exchange differences	53	50	3
Balance at 1 January 2006	1,034	940	94
Acquisition of subsidiaries	172	169	3
Fair value change deferred consideration business combinations	4	4	
Additions	14		14
Disposals	-21		-21
Exchange differences	-32	-31	-1
Balance at 31 December 2006	1,171	1,082	89

Accumulated amortisation and

impairment losses

Balance at 1 January 2005	-51	-51
Amortisation for the year	-10	-10
Impairment loss	-5	-5
Exchange differences	-5	-5
Balance at 1 January 2006	-71	-71
Amortisation for the year	-9	-9
Disposals	21	21
Exchange differences	1	1
Balance at 31 December 2006	-58	-58

Carrying amounts

At 1 January 2005	822	792	30
At 31 December 2005	963	940	23
At 31 December 2006	1,113	1,082	31

Intangible assets consist of goodwill and software. The software included under intangible assets is computer software which is not an integral part of the related hardware. Computer software which is an integral part of the hardware is classified as Computer hardware under Property and equipment. Amortisation of intangible assets, other than goodwill, and any impairment losses are recognised as operating expenses in the Income Statement.

Impairment tests

The carrying amount of goodwill is allocated to reporting segments as follows:

	2006	2005
France	47	47
UK	438	344
USA	253	279
Netherlands	68	59
Rest of Europe	73	63
Rest of World	203	148
Total	1,082	940

Vedior tests goodwill for impairment annually, or more frequently if there are indications that goodwill might be impaired, using the discounted cash flow method. Impairment is tested based on the cash flow projections for the specific cash generating units using the budget for the year 2007 and forecasts for the following 4 years. Key assumptions are those regarding the discount rates, growth rates and expected changes to sales, gross margin and expenses during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating unit. The growth rates are based on industry growth forecasts and after five years a percentage rate of 2 is used. Changes in sales and direct costs are based on past practices and expectations of future changes in the market.

The rate used to discount the forecasted cash flows varies by geography from 8.5% to 16.0%.

(15) Investments in associates

The Group's investments in associates consist of investments in the following companies:

Company name	Country	2006 Ownership	2005 Ownership
Routes Healthcare	UK	33%	
The Blomfield Group	UK		18%
Fairplace Consulting Plc	UK	25%	25%
Pixid	France	33%	33%

In April 2006, Vedior acquired a majority interest in The Blomfield Group

Summarised financial information in respect of the Groups associates is set out below:

	2006	2005
Total assets	9	28
Total liabilities	-5	-10
Net assets	<u>4</u>	<u>18</u>

Group's share of associates' net assets	<u>2</u>	<u>8</u>
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	2006	2005
Total sales associates	13	69
Total result associates for the period	<u>-4</u>	<u>-1</u>

Group's share of associates' result for the period	-1	1
Result on disposal of Trinet		15
Share of profit of associates (after tax)	<u>-1</u>	<u>16</u>