

Notes to the Group financial statements continued

Note 2 Segmental reporting

Basis of determination of operating segments

The Group's operating segments are determined based on the Group's internal reporting to the Chief Operating Decision Maker ('CODM'). The CODM has been determined to be the Group Chief Executive, with support from the Executive Committee, as the function primarily responsible for the allocation of resources to segments and assessment of performance of the segments.

Reflecting changes in management structure

In line with changes in management reporting and management structure reporting to the CODM, the Group has reassessed its reportable segments and determined:

- that the retailing and associated activities in the Republic of Ireland ('ROI'), previously disclosed as part of the Europe segment, be combined in a UK and Republic of Ireland segment going forward; and
- that the retailing and associated activities in other countries, previously segregated between the Europe and the Asia segments, be combined in an International segment.

The principal activities of the Group are therefore presented in the following segments:

- Retailing and associated activities ('Retail') in:
 - UK & ROI – the UK and Republic of Ireland; and
 - International – Czech Republic, Hungary, Poland, Slovakia, Malaysia, Thailand and Turkey; and
- Retail banking and insurance services through Tesco Bank in the UK ('Tesco Bank').

This presentation reflects how the Group's operating performance is reviewed internally by management. Segmental information for the 53 weeks ended 28 February 2015 has been restated accordingly.

In addition, the retailing and associated activities in the Republic of Korea ('Korea') have been classified as discontinued operations in the current year, their performance in this year and comparative years is therefore part of discontinued operations as presented in Note 7 and excluded from segmental performances below.

Measuring segment information: IFRS 8 requires that the amount reported for each segment should be the measures reported to the CODM for assessing performance

The CODM uses operating profit before exceptional items, as reviewed at monthly Executive Committee meetings, as the key measure of the segments' results as it better reflects the segments' underlying performance for the financial period under evaluation. Operating profit before exceptional items is a consistent measure within the Group as defined within Note 1. Refer to Note 4 for exceptional items. Inter-segment revenue between the operating segments is not material.

The segment results and the reconciliation of the segment measures to the respective statutory items included in the Group Income Statement are as follows:

52 weeks ended 27 February 2016 At constant exchange rates [*]	UK & ROI £m	International £m	Tesco Bank £m	Total at constant exchange £m	Foreign exchange £m	Total at actual exchange £m
Continuing operations						
Revenue exc. fuel	37,359	10,858	955	49,172	(820)	48,352
Revenue	43,256	11,066	955	55,277	(844)	54,433
Operating profit before exceptional items	509	283	162	954	(10)	944
Exceptional items	96	9	(1)	104	(2)	102
Operating profit/ (loss)	605	292	161	1,058	(12)	1,046
Operating margin**	1.2%	2.6%	17.0%	1.7%	–	1.7%

52 weeks ended 27 February 2016 At actual exchange rates***	UK & ROI £m	International £m	Tesco Bank £m	Total at actual exchange £m
Continuing operations				
Revenue exc. fuel	37,189	10,208	955	48,352
Revenue	43,080	10,398	955	54,433
Operating profit before exceptional items	505	277	162	944
Exceptional items	94	9	(1)	102
Operating profit	599	286	161	1,046
Operating margin**	1.2%	2.7%	17.0%	1.7%
Share of post-tax losses of joint ventures and associates				(21)
Finance income				29
Finance costs				(892)
Profit/ (loss) before tax				162

* Constant exchange rates are the average actual periodic exchange rates for the previous financial period.

** Operating margin is based on operating profit before exceptional items and on revenue.

*** Actual exchange rates are the average actual periodic exchange rates for that financial period.