

Consolidated income statement

for the years ended 31 March

	Notes	2013 £m	2013 £m	2012 £m	2012 £m	2011 £m	2011 £m
Revenue	1(a)		14,359		13,832		14,343
Operating costs	2		(10,605)		(10,293)		(10,598)
Operating profit							
Before exceptional items, remeasurements and stranded cost recoveries	1(b)		3,644		3,495		3,600
Exceptional items, remeasurements and stranded cost recoveries	3		110		44		145
Total operating profit	1(b)		3,754		3,539		3,745
Finance income							
Before exceptional items	4		1,252		1,301		1,281
Exceptional items	3, 4		-		-		43
Total finance income	4		1,252		1,301		1,324
Finance costs							
Before exceptional items and remeasurements	4		(2,172)		(2,218)		(2,415)
Exceptional items and remeasurements	3, 4		68		(70)		(37)
Total finance costs	4		(2,104)		(2,288)		(2,452)
Share of post-tax results of joint ventures and associates	13		18		7		7
Profit before tax							
Before exceptional items, remeasurements and stranded cost recoveries	1(b)		2,742		2,585		2,473
Exceptional items, remeasurements and stranded cost recoveries	3		178		(26)		151
Total profit before tax	1(b)		2,920		2,559		2,624
Taxation							
Before exceptional items, remeasurements and stranded cost recoveries	5		(686)		(755)		(722)
Exceptional items, remeasurements and stranded cost recoveries	3, 5		62		234		261
Total taxation	5		(624)		(521)		(461)
Profit after tax							
Before exceptional items, remeasurements and stranded cost recoveries			2,056		1,830		1,751
Exceptional items, remeasurements and stranded cost recoveries	3		240		208		412
Profit for the year			2,296		2,038		2,163
Attributable to:							
Equity shareholders of the parent			2,295		2,036		2,159
Non-controlling interests			1		2		4
			2,296		2,038		2,163
Earnings per share*							
Basic	6		62.6p		55.6p		61.2p
Diluted	6		62.3p		55.4p		6.9p

*Comparative amounts have been restated to reflect the impact of additional shares issued as scrip dividends

The notes on pages 105 to 164 form part of the consolidated financial statements.

Consolidated statement of comprehensive income

for the years ended 31 March

	Notes	2013 £m	2012 £m	2011 £m
Profit for the year		2,296	2,038	2,163
Other comprehensive (loss)/income:				
Exchange adjustments		117	27	(95)
Actuarial net (losses)/gains	22	(930)	(1,325)	571
Deferred tax on actuarial net gains and losses	5	249	403	(181)
Net (losses)/gains in respect of cash flow hedges		(31)	(18)	7
Transferred to profit or loss on cash flow hedges		73	19	(7)
Deferred tax on cash flow hedges	5	(13)	2	(2)
Net gains on available-for-sale investments		20	16	16
Transferred to profit or loss on sale of available-for-sale investments		(10)	(9)	(3)
Deferred tax on available-for-sale investments	5	(2)	(2)	(1)
Share of post-tax other comprehensive loss of joint ventures		-	-	(4)
Other comprehensive (loss)/income for the year, net of tax		(527)	(887)	301
Total comprehensive income for the year		1,769	1,151	2,464
Attributable to:				
Equity shareholders of the parent		1,768	1,149	2,460
Non-controlling interests		1	2	4
		1,769	1,151	2,464

Consolidated statement of financial position

as at 31 March

	Notes	2013 £m	2012 £m
Non-current assets			
Goodwill	8	5,028	4,776
Other intangible assets	9	589	546
Property, plant and equipment	10	36,592	33,701
Other non-current assets	11	104	95
Pension assets	22	195	155
Financial and other investments	12	278	251
Investments in joint ventures and associates	13	371	341
Derivative financial assets	14	1,972	1,819
Total non-current assets		45,129	41,684
Current assets			
Inventories and current intangible assets	15	291	376
Trade and other receivables	16	2,910	1,971
Financial and other investments	12	5,431	2,391
Derivative financial assets	14	273	317
Cash and cash equivalents	17	671	332
Total current assets		9,576	5,387
Assets of businesses held for sale	18	-	264
Total assets		54,705	47,335
Current liabilities			
Borrowings	19	(3,448)	(2,492)
Derivative financial liabilities	14	(407)	(162)
Trade and other payables	20	(3,051)	(2,685)
Current tax liabilities		(231)	(383)
Provisions	23	(308)	(282)
Total current liabilities		(7,445)	(6,004)
Non-current liabilities			
Borrowings	19	(24,647)	(20,533)
Derivative financial liabilities	14	(1,274)	(1,269)
Other non-current liabilities	21	(1,884)	(1,921)
Deferred tax liabilities	5	(4,076)	(3,738)
Pensions and other post-retirement benefit obligations	22	(3,694)	(3,088)
Provisions	23	(1,452)	(1,449)
Total non-current liabilities		(37,027)	(31,998)
Liabilities of businesses held for sale	18	-	(87)
Total liabilities		(44,472)	(38,089)
Net assets		10,233	9,246
Equity			
Called up share capital	24	433	422
Share premium account		1,344	1,355
Retained earnings		13,132	12,297
Other equity reserves	25	(4,681)	(4,835)
Shareholders' equity		10,228	9,239
Non-controlling interests		5	7
Total equity		10,233	9,246

The consolidated financial statements set out on pages 97 to 164 were approved by the Board of Directors on 15 May 2013 and were signed on its behalf by:

Sir Peter Gershon Chairman
Andrew Bonfield Finance Director

Consolidated statement of changes in equity

for the years ended 31 March

	Called up share capital £m	Share premium account £m	Retained earnings £m	Other equity reserves ⁽ⁱ⁾ £m	Total shareholders' equity £m	Non- controlling interests £m	Total equity £m
At 1 April 2010	298	1,366	7,316	(4,781)	4,199	12	4,211
Profit for the year	-	-	2,159	-	2,159	4	2,163
Total other comprehensive income/(loss) for the year	-	-	390	(89)	301	-	301
Total comprehensive income/(loss) for the year	-	-	2,549	(89)	2,460	4	2,464
Rights issue	113	-	-	3,101	3,214	-	3,214
Transfer between reserves	-	-	3,101	(3,101)	-	-	-
Equity dividends	-	-	(1,064)	-	(1,064)	-	(1,064)
Scrip dividend related share issue	5	(5)	206	-	206	-	206
Issue of treasury shares	-	-	18	-	18	-	18
Purchase of own shares	-	-	(3)	-	(3)	-	(3)
Other movements in non- controlling interests	-	-	-	-	-	(7)	(7)
Share-based payment	-	-	25	-	25	-	25
Tax on share-based payment	-	-	5	-	5	-	5
At 31 March 2011	416	1,361	12,153	(4,870)	9,060	9	9,069
Profit for the year	-	-	2,036	-	2,036	2	2,038
Total other comprehensive income/(loss) for the year	-	-	(922)	35	(887)	-	(887)
Total comprehensive income for the year	-	-	1,114	35	1,149	2	1,151
Equity dividends	-	-	(1,319)	-	(1,319)	-	(1,319)
Scrip dividend related share issue	6	(6)	313	-	313	-	313
Issue of treasury shares	-	-	13	-	13	-	13
Purchase of own shares	-	-	(4)	-	(4)	-	(4)
Other movements in non- controlling interests	-	-	-	-	-	(4)	(4)
Share-based payment	-	-	24	-	24	-	24
Tax on share-based payment	-	-	3	-	3	-	3
At 31 March 2012	422	1,355	12,297	(4,835)	9,239	7	9,246
Profit for the year	-	-	2,295	-	2,295	1	2,296
Total other comprehensive income/(loss) for the year	-	-	(681)	154	(527)	-	(527)
Total comprehensive income for the year	-	-	1,614	154	1,768	1	1,769
Equity dividends	-	-	(1,433)	-	(1,433)	-	(1,433)
Scrip dividend related share issue	11	(11)	623	-	623	-	623
Issue of treasury shares	-	-	19	-	19	-	19
Purchase of own shares	-	-	(6)	-	(6)	-	(6)
Other movements in non- controlling interests	-	-	-	-	-	(3)	(3)
Share-based payment	-	-	20	-	20	-	20
Tax on share-based payment	-	-	(2)	-	(2)	-	(2)
At 31 March 2013	433	1,344	13,132	(4,681)	10,228	5	10,233

(i) For further details of other equity reserves, see note 25.

Financial Statements

Consolidated cash flow statement

for the years ended 31 March

	Notes	2013 £m	2012 £m	2011 £m
Cash flows from operating activities				
Total operating profit	1(b)	3,754	3,539	3,745
Adjustments for:				
Exceptional items, remeasurements and stranded cost recoveries	3	(110)	(44)	(145)
Depreciation, amortisation and impairment		1,361	1,282	1,245
Share-based payment charge		20	24	25
Changes in working capital		(410)	146	185
Changes in provisions		(53)	(116)	(93)
Changes in pensions and other post-retirement benefit obligations		(413)	(386)	(304)
Cash flows relating to exceptional items		(112)	(205)	(147)
Cash flows relating to stranded cost recoveries		-	247	343
Cash generated from operations		4,037	4,487	4,854
Tax (paid)/received		(287)	(259)	4
Net cash inflow from operating activities		3,750	4,228	4,858
Cash flows from investing activities				
Acquisition of investments		(14)	(13)	(135)
Proceeds from sale of investments in subsidiaries		183	365	11
Purchases of intangible assets		(175)	(203)	(176)
Purchases of property, plant and equipment		(3,214)	(3,147)	(2,958)
Disposals of property, plant and equipment		32	24	26
Dividends received from joint ventures		21	26	9
Interest received		29	24	26
Net movements in short-term financial investments		(2,992)	553	(1,577)
Net cash flow used in investing activities		(6,130)	(2,371)	(4,774)
Cash flows from financing activities				
Proceeds of rights issue		-	-	3,214
Proceeds from issue of treasury shares		19	13	18
Purchase of own shares		(6)	(4)	(3)
Proceeds received from loans		5,062	1,809	767
Repayment of loans		(1,210)	(1,914)	(2,878)
Net movements in short-term borrowings and derivatives		452	(49)	348
Interest paid		(792)	(749)	(965)
Exceptional finance costs on the redemption of debt		-	-	(73)
Dividends paid to shareholders		(810)	(1,006)	(858)
Net cash flow from/(used in) financing activities		2,715	(1,900)	(430)
Net increase/(decrease) in cash and cash equivalents	26(a)	335	(43)	(346)
Exchange movements		14	-	(3)
Net cash and cash equivalents at start of year		299	342	691
Net cash and cash equivalents at end of year (i)	17	648	299	342

(i) Net of bank overdrafts of £23m (2012: £33m; 2011: £42m).