Financial Statements

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 Exceptional items, remeasurements and	1(b)	3,644		3,495		3,600	
stranded cost recoveries	3	110		44		145	
Total operating profit Finance income Before exceptional	1(b)		3,754		3,539		3,745
items	4	1,252		1,301		1,281	
Exceptional items Total finance income	3,4 4		1,252		1,301	43	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 Share of post-tax results of joint ventures and	4		(2,104)		(2,288)		(2,452)
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 Taxation Before exceptional items, remeasurements and stranded cost	1(b)		2,920		2,559		2,624
recoveries Exceptional items, remeasurements and stranded cost	5	(686)		(755)		(722)	
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		2,030		1,030		1,731	
recoveries	3	240		208		412	
Profit for the year			2,296		2,038		2,163
Attributable to: Equity shareholders of the parent Non-controlling			2,295		2,036		2,159
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

		2013	2012	2011
	Notes	£m	£m	£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

Financial Statements

Consolidated statement of financial position

as at 31 March

		2013	2012
	Notes	£m	£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		Other	Total	Non-	
	share	premium	Retained	equity	shareholders'	controlling	Total
	capital	account	earnings	reserves(i)	equity	interests	equity
	£m	£m	£m	£m	£m	£m	£m
A+ 1 April 2010						12	
At 1 April 2010	298	1,366	7,316	(4,781)	4,199		4,211
Profit for the year	-	-	2,159	-	2,159	4	2,163
Total other comprehensive				(00)			004
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			(1,010)		(1,010)		(1,010)
issue	6	(6)	313	_	313	_	313
Issue of treasury shares	-	(0)	13		13	_	13
Purchase of own shares	_	_	(4)	_	(4)	_	(4)
Other movements in non-	_	_	(+)	_	(4)	_	(+)
controlling interests			_		_	(4)	(4)
Share-based payment		_	24	_	24	(4)	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
	422	1,355	,	(4,835)			
Profit for the year	_	-	2,295	-	2,295	1	2,296
Total other comprehensive			(004)	454	(507)		(507)
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 2	5				

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

Financial Statements

Consolidated cash flow statement

for the years ended 31 March

Total operating profit 1(b) 3,754 3,539 3,745 3,74	Notes	2013 £m	2012 £m	2011 £m
Total operating profit			2	
Adjustments for: Exceptional items, remeasurements and stranded cost recoveries 1,361 1,282 1,245 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 working capital (410) 146 185 Changes in pervisions and other post-retirement benefit obligations (413) (388) (394) Cash flows relating to exceptional items (412) (295) (147) Cash flows relating to stranded cost recoveries (412) (295) (477) Cash flows relating to stranded cost recoveries (4,937) (4,877) (4,857) Tax (paid)/received (287) (259) 4 Net cash inflow from operations (414) (13) (135) Tax (paid)/received (287) (259) 4 Net cash inflow from operating activities (287) (295) (4,258) Cash flows from investing activities (144) (13) (135) Purchases of intangible assets (144) (13) (155) Purchases of property, plant and equipment (175) (293) (176) Purchases of property, plant and equipment (32) (2,92) (25) Disposals of property, plant and equipment (2,92) (25) (2,92) Disposals of property, plant and equipment (2,92) (25) (2,92) Disposals of property, plant and equipment (2,92) (25) (2,97) Net cash flow used in investing activities (2,92) (53) (1,577) Ret cash flow used in investing activities (2,92) (35) (4,774) Cash flows from financing activities (6,130) (2,371) (4,774) Cash flows from financing activities (6,130) (2,971) (4,978) Ret cash flow form financing activities (6,130) (1,94) (2,878) Net ach members in short-term borrowings and derivatives (3,04) (4,988) Disposals paid to shareholders (818) (1,966) (888) Net increase/(decrease) in cash and cash equivalents (3,04) (3,04) (3,04) Ret cash flow from/(used in) financing activities (3,04) (3,04) (3,04) (3,04) (3,04) (3,04) (3,		3.754	3.539	3.745
Exceptional items, remeasurements and stranded cost recoveries 1,361 1,282 1,245 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 provisions and other post-retirement benefit obligations (112) (205) (147) Cash flows relating to exceptional items (112) (205) (147) Cash flows relating to exceptional items (112) (205) (147) Cash flows relating to stranded cost recoveries 247 343 Cash generated from operations 4,837 4,487 4,858 Tax (paid)/received (287) (259) 4 Net cash inflow from operating activities (287) (259) 4 Net cash inflow from operating activities (14) (13) (135) Purchases of investments in subsidiaries 183 365 11 Purchases of intangible assets (175) (203) (176) Purchases of property, plant and equipment (3) (3,214) (3,147) (2,958) Disposals of property, plant and equipment (2,992) (259) (259) (259) Net cash flow used in investing activities (2,992) (259) (259) (259) Net cash flow used in investing activities (2,992) (259)		0,.0.	0,000	0,
Depreciation, amortisation and impairment 1,361 1,282 1,245		(110)	(44)	(145)
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Net cash and cash equivalents at start of year 299 342 691			-	
			342	
	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).

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