

Consolidated income statement

for the year to 31 March 2007

	Notes	2007 £m	2006 £m
Realised profits over value on the disposal of investments	2	830	576
Unrealised profits on the revaluation of investments	3	323	245
		1,153	821
Portfolio income			
Dividends		81	75
Income from loans and receivables		158	133
Fees receivable	4	14	24
Gross portfolio return	1	1,406	1,053
Fees receivable from external funds		37	24
Carried interest			
Carried interest receivable from managed funds	5	81	79
Carried interest payable to executives	5	(142)	(64)
Operating expenses	6	(255)	(211)
Net portfolio return		1,127	881
Treasury interest receivable	10	91	57
Interest payable	10	(100)	(74)
Movement in the fair value of derivatives	11	(29)	(78)
Exchange movements		(31)	47
Other income	12	1	22
Profit before tax		1,059	855
Income taxes	13	(3)	(3)
Profit after tax and profit for the year		1,056	852
Earnings per share			
Basic (pence)	29	215.5	152.0
Diluted (pence)	29	213.2	151.2*

*As restated (note 29).

Statement of recognised income and expense

for the year to 31 March 2007

	Notes	Group 2007 £m	Group 2006 £m	Company 2007 £m	Company 2006 £m
Profit for the year		1,056	852	1,099	643
Exchange differences on translation of foreign operations		5	(5)	–	–
Revaluation of own-use property		1	–	1	–
Actuarial gains/(losses)	9	13	(16)	–	–
Total recognised income and expense for the year		1,075	831	1,100	643
Analysed in reserves as:					
Revenue	27	134	117	88	87
Capital	27	936	719	1,012	556
Translation reserve	27	5	(5)	–	–
		1,075	831	1,100	643

Reconciliation of movements in equity

for the year to 31 March 2007

	Notes	Group 2007 £m	Group 2006 £m	Company 2007 £m	Company 2006 (as restated)* £m
Total equity at start of year		4,006	3,699	3,746	3,635
Total recognised income and expense for the year		1,075	831	1,100	643
Share-based payments	8	9	8	9	8
Ordinary dividends	30	(79)	(86)	(79)	(86)
Special dividends	30	-	(245)	-	(245)
Issue of B shares	22	(700)	-	(700)	-
Issues of ordinary shares	27	18	13	18	13
Share buy-backs	27	(74)	(222)	(74)	(222)
Own shares	28	(6)	8	-	-
Total equity at end of year		4,249	4,006	4,020	3,746

*As restated for the adoption of IFRIC 11.

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Balance sheet

as at 31 March 2007

	Notes	Group 2007 £m	Group 2006 £m	Company 2007 £m	Company 2006 (as restated)* £m
Assets					
Non-current assets					
Investments					
Quoted equity investments	14	570	259	498	173
Unquoted equity investments	14	2,534	2,514	1,179	1,349
Loans and receivables	14	1,258	1,366	548	735
Investment portfolio		4,362	4,139	2,225	2,257
Carried interest receivable		83	77	83	77
Interests in Group entities	15	–	–	1,766	1,500
Property, plant and equipment	16	32	31	9	9
Total non-current assets		4,477	4,247	4,083	3,843
Current assets					
Other current assets	17	197	149	168	193
Derivative financial instruments	19	21	19	21	19
Deposits		1,668	1,108	1,668	1,052
Cash and cash equivalents		486	847	346	776
Total current assets		2,372	2,123	2,203	2,040
Total assets		6,849	6,370	6,286	5,883
Liabilities					
Non-current liabilities					
Carried interest payable		(153)	(83)	(153)	(83)
Loans and borrowings	20	(916)	(1,243)	(843)	(968)
Convertible Bonds	21	(363)	(365)	(363)	(365)
B shares	22	(11)	–	(11)	–
Subordinated liabilities	23	(21)	(24)	–	–
Retirement benefit deficit	9	(1)	(17)	–	–
Deferred income tax	13	(1)	(1)	–	–
Provisions	25	(7)	(5)	–	–
Total non-current liabilities		(1,473)	(1,738)	(1,370)	(1,416)
Current liabilities					
Trade and other payables	24	(179)	(160)	(191)	(271)
Carried interest payable		(71)	(60)	(42)	(60)
Loans and borrowings	20	(675)	(231)	(474)	(230)
Derivative financial instruments	19	(189)	(168)	(188)	(160)
Current income tax		(2)	(2)	(1)	–
Provisions	25	(11)	(5)	–	–
Total current liabilities		(1,127)	(626)	(896)	(721)
Total liabilities		(2,600)	(2,364)	(2,266)	(2,137)
Net assets		4,249	4,006	4,020	3,746
Equity					
Issued capital	26	289	292	289	292
Share premium	27	387	376	387	376
Capital redemption reserve	27	27	17	27	17
Share-based payment reserve	27	18	17	18	17
Translation reserve	27	5	–	–	–
Capital reserve	27	3,280	3,110	3,013	2,767
Revenue reserve	27	318	263	286	277
Own shares	27	(75)	(69)	–	–
Total equity	27	4,249	4,006	4,020	3,746

*As restated for the adoption of IFRIC 11.

Baroness Hogg Chairman
9 May 2007

Cash flow statement

for the year to 31 March 2007

	Group 2007 £m	Group 2006 £m	Company 2007 £m	Company 2006 £m
Cash flow from operating activities				
Purchase of investments	(1,503)	(1,068)	(1,693)	(873)
Proceeds from investments	2,364	2,213	2,458	1,949
Interest received	68	67	47	42
Dividends received	66	76	30	70
Portfolio fees received	17	22	–	13
Fees received from external funds	37	24	–	–
Carried interest received	76	9	76	9
Carried interest paid	(58)	(30)	–	–
Operating expenses	(202)	(216)	(114)	(182)
Income tax paid	(8)	(8)	–	(5)
Net cash flow from operations	857	1,089	804	1,023
Cash flow from financing activities				
Proceeds from issues of share capital	18	13	18	13
Buy-back of ordinary shares	(74)	(222)	(74)	(222)
Purchase of own shares	(20)	–	–	–
Disposal of own shares	8	–	–	–
Repurchase of B shares	(689)	–	(689)	–
Dividend paid	(79)	(331)	(79)	(331)
Interest received	80	50	73	46
Interest paid	(101)	(60)	(81)	(38)
Proceeds from long-term borrowings	1	69	–	92
Repayment of long-term borrowings	(2)	(54)	–	–
Net cash flow from short-term borrowings	211	188	213	156
Net cash flow from deposits	(560)	(223)	(616)	(261)
Net cash flow from financing activities	(1,207)	(570)	(1,235)	(545)
Cash flow from investing activities				
Purchases of property, plant and equipment	(9)	(15)	–	–
Sales of property, plant and equipment	2	24	1	17
Divestment from joint venture	–	2	–	2
Net cash flow from investing activities	(7)	11	1	19
Change in cash and cash equivalents	(357)	530	(430)	497
Cash and cash equivalents at start of year	847	314	776	279
Effect of exchange rate fluctuations	(4)	3	–	–
Cash and cash equivalents at end of year	486	847	346	776

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