

Financial statistics

Financial ratios

YEAR ENDED 31 MARCH

| | 1994 | 1995 | 1996 | 1997 | 1998 |
|---|------|------|------|------|-------------|
| Earnings per share – pence | 28.5 | 27.8 | 31.6 | 32.8 | 26.7 |
| Growth in net dividends per share % (a) | 7.1 | 6.0 | 5.6 | 6.1 | 6.4 |
| Return on capital employed % (b) | 17.1 | 15.6 | 18.3 | 18.9 | 19.3 |
| Gearing – net debt to equity % (c) | 9.3 | 17.8 | 7.4 | 1.6 | 36.1 |
| Interest cover (d) | 13.0 | 10.3 | 18.2 | 25.2 | 14.7 |
| Dividend cover (a) (e) | 1.7 | 1.6 | 1.7 | 1.7 | 1.8 |

(a) 1997 and 1998 figures excluded the effects of the special dividend of 35p per share paid in September 1997.

(b) The ratio is based on profit before tax and interest on long-term borrowings, to average capital employed. Capital employed is represented by total assets less current liabilities, excluding corporate taxes and dividends payable, and provisions other than those for deferred taxation. Year-end figures are used in the computation of the average, except in the case of short-term investments and borrowings where average daily balances are used in their place.

(c) The ratio is based on borrowings net of cash and short-term investments to capital and reserves and minority interests.

(d) The number of times net interest payable is covered by operating profit. In 1995 and 1997, net interest excludes the premiums paid on the repurchase of bonds.

(e) The number of times dividends are covered by earnings. The figure for 1998 excludes the effect of the windfall tax charge.

Expenditure on research and development

YEAR ENDED 31 MARCH

| | 1994 £m | 1995 £m | 1996 £m | 1997 £m | 1998 £m |
|-------------------|------------|------------|------------|------------|------------|
| Total expenditure | 265 | 271 | 282 | 291 | 307 |

Expenditure on tangible fixed assets

YEAR ENDED 31 MARCH

| | | | | | |
|---|-------|-------|-------|-------|--------------|
| Plant and equipment | | | | | |
| Transmission equipment | 896 | 1,060 | 1,114 | 1,131 | 1,219 |
| Exchange equipment | 493 | 605 | 566 | 445 | 512 |
| Other network equipment | 335 | 378 | 491 | 503 | 502 |
| Computers and office equipment | 219 | 343 | 333 | 350 | 372 |
| Motor vehicles and other | 153 | 214 | 195 | 175 | 230 |
| Land and buildings | 51 | 75 | 87 | 143 | 211 |
| Increase (decrease) in engineering stores | 24 | (4) | (15) | (28) | (16) |
| Total expenditure on tangible fixed assets | 2,171 | 2,671 | 2,771 | 2,719 | 3,030 |
| Decrease (increase) in creditors | (10) | (33) | (224) | 104 | (10) |
| Cash outflow on purchase of tangible fixed assets | 2,161 | 2,638 | 2,547 | 2,823 | 3,020 |