

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £m	2016 £m
Rental income received from tenants		464	435
Fees and other income received		64	58
Operating expenses paid to suppliers and employees		(149)	(152)
Cash generated from operations		379	341
Interest paid		(92)	(124)
Interest received		8	11
Corporation taxation repayments received		9	8
Distributions and other receivables from joint ventures and funds	11	59	58
Net cash inflow from operating activities		363	294
Cash flows from investing activities			
Development and other capital expenditure		(225)	(256)
Purchase of investment properties		(87)	(243)
Sale of investment and trading properties		761	564
Payments received in respect of future trading property sales		8	40
Purchase of investments		(19)	-
Indirect taxes paid in respect of investing activities		(1)	-
Investment in and loans to joint ventures and funds		(50)	(241)
Capital distributions and loan repayments from joint ventures and funds		83	366
Net cash inflow from investing activities		470	230
Cash flows from financing activities			
Issue of ordinary shares		3	5
Purchase of own shares		(8)	-
Dividends paid	19	(295)	(235)
Dividends paid to non-controlling interests		(14)	(16)
Acquisition of units in Hercules Unit Trust		(11)	(61)
Closeout of interest rate derivatives		(13)	15
Cash collateral transactions		-	(24)
Decrease in bank and other borrowings		(526)	(919)
Drawdowns on bank and other borrowings		31	373
Drawdown of zero coupon 2015 convertible bond		-	344
Net cash outflow from financing activities		(833)	(518)
Net increase in cash and cash equivalents		-	6
Cash and cash equivalents at 1 April		114	108
Cash and cash equivalents at 31 March		114	114
Cash and cash equivalents consists of:			
Cash and short term deposits	17	114	114

10 Property continued

All other factors being equal:

- a higher equivalent yield or discount rate would lead to a decrease in the valuation of an asset;
- an increase in the current or estimated future rental stream would have the effect of increasing the capital value; and
- an increase in the costs to complete would lead to a decrease in the valuation of an asset.

However, there are interrelationships between the unobservable inputs which are partially determined by market conditions, which would impact on these changes. There were no transfers between valuation levels in the period.

Additional property disclosures – including covenant information

At 31 March 2017, the Group property portfolio valuation of £9,520m (2015/16: £10,111m) comprises freeholds of £5,576m (2015/16: £6,184m); virtual freeholds of £809m (2015/16: £906m); and long leaseholds of £3,135m (2015/16: £3,021m). The historical cost of properties was £6,024m (2015/16: £6,544m).

The property valuation does not include any investment properties held under operating leases (2015/16: £nil).

Cumulative interest capitalised against investment, development and trading properties amounts to £95m (2015/16: £88m).

Properties valued at £1,882m (2015/16: £2,559m) were subject to a security interest and other properties of non-recourse companies amounted to £1,158m (2015/16: £1,244m), totalling £3,040m (2015/16: £3,803m).

Included within the property valuation is £62m (2015/16: £110m) in respect of accrued contracted rental uplift income. The balance arises through the IFRS treatment of leases containing such arrangements, which requires the recognition of rental income on a straight-line basis over the lease term, with the difference between this and the cash receipt changing the carrying value of the property against which revaluations are measured.

11 Joint ventures and funds

Summary movement for the year of the investments in joint ventures and funds

	Joint ventures £m	Funds £m	Total £m	Equity £m	Loans £m	Total £m
At 1 April 2016	3,109	244	3,353	2,833	520	3,353
Additions	59	3	62	13	49	62
Disposals	(30)	–	(30)	–	(30)	(30)
Share of profit on ordinary activities after taxation	44	8	52	52	–	52
Distributions and dividends:						
– Capital	(73)	–	(73)	(73)	–	(73)
– Revenue	(45)	(14)	(59)	(59)	–	(59)
Hedging and exchange movements	1	–	1	1	–	1
Reclassification of venture as held for sale asset (see page 124)	(540)	–	(540)	(355)	(185)	(540)
At 31 March 2017	2,525	241	2,766	2,412	354	2,766

Additional investments in joint ventures and funds covenant information

At 31 March 2017 the investments in joint ventures included within the total investments in joint ventures and funds and joint venture held for sale was £3,299m (2015/16: £3,348m), being the £2,766m total investment shown above, plus the £540m joint venture held for sale, less the net investment of £7m (2015/16: £5m) in PREF, a property fund in Continental Europe.

19 Dividend

The fourth quarter interim dividend of 7.30 pence per share, totalling £75m (2015/16: 7.09 pence per share, totalling £73m) was approved by the Board on 16 May 2017 and is payable on 4 August 2017 to shareholders on the register at the close of business on 30 June 2017.

The Board will announce the availability of the Scrip Dividend Alternative, if available, via the Regulatory News Service and on its website (www.britishland.com/dividends), no later than four business days before the ex-dividend date of 30 June 2017. The Board expects to announce the split between Property Income Distributions (PID) and non-PID income at that time. Any Scrip Dividend Alternative will not be enhanced. PID dividends are paid, as required by REIT legislation, after deduction of withholding tax at the basic rate (currently 20%), where appropriate. Certain classes of shareholders may be able to elect to receive dividends gross. Please refer to our website www.britishland.com/dividends for details.

Payment date	Dividend	Pence per share	2017 £m	2016 £m
Current year dividends				
05.08.2017	2017 4th interim	7.30		
06.05.2017	2017 3rd interim	7.30		
12.02.2017	2017 2nd interim	7.30	75	
06.11.2016	2017 1st interim	7.30	75	
		29.20		
Prior year dividends				
05.08.2016	2016 4th interim	7.09 ¹	73	
06.05.2016	2016 3rd interim	7.09	73	
12.02.2016	2016 2nd interim	7.09		73
06.11.2015	2016 1st interim	7.09		72
		28.36		
07.08.2015	2015 4th interim	6.92 ²		71
06.05.2015	2015 3rd interim	6.92		71
Dividends in consolidated statement of changes in equity			296	287
Dividends settled in shares			-	(52)
Dividends settled in cash			296	235
Timing difference relating to payment of withholding tax			(1)	-
Dividends in cash flow statement			295	235

¹ Dividend split half PID, half non-PID.

² Scrip alternative treated as non-PID for this dividend.

20 Share capital and reserves

	2017	2016
Number of ordinary shares in issue at 1 April	1,040,562,323	1,031,788,286
Share issues	472,735	8,774,037
At 31 March	1,041,035,058	1,040,562,323

Of the issued 25p ordinary shares, 7,783 shares were held in the ESOP trust (2015/16: 627), 11,266,245 shares were held as treasury shares (2015/16: 11,266,245) and 1,029,761,030 shares were in free issue (2015/16: 1,029,295,541). No treasury shares were acquired by the ESOP trust during the year. All issued shares are fully paid.

Hedging and translation reserve

The hedging and translation reserve comprises the effective portion of the cumulative net change in the fair value of cash flow and foreign currency hedging instruments, as well as all foreign exchange differences arising from the translation of the financial statements of foreign operations. The foreign exchange differences also include the translation of the liabilities that hedge the Company's net investment in a foreign subsidiary.

Revaluation reserve

The revaluation reserve relates to owner-occupied properties and investments in joint ventures and funds.

Merger reserve

This comprises the premium on the share placing in March 2013. No share premium is recorded in the Company's financial statements, through the operation of the merger relief provisions of the Companies Act 2006.