

Notes to the financial statements

1. **Accounting policies** (continued)

1.2 **Prior year adjustment**

Restatement of Self-insurance provision

The group recognises a provision for liabilities in respect of compensation claims relating to certain industrial diseases. This provision is presented within the Self-insurance provision in note 19.

In prior periods the group made a provision using estimates based on actual claims history and assumptions concerning, amongst other matters, longevity of the potential claimants and the likely incidence of future claims within the possible claimant population.

Having appointed an independent actuary to assist the group to determine the likely future claims during 2014 it became apparent that in determining the estimated liabilities to be provided in previous periods, the group did not take account of all available information that might reasonably be taken into account, such as longevity studies and HSE information concerning the relevant diseases and their incidents in the general population.

On this basis and in the context of a material additional liability of £[redacted] being determined by the actuarial process, it was concluded that a material error was present in the prior period financial statements with respect to an understatement of the provisions for such claims.

As a consequence, the following restatements have been made to the comparative amounts in these financial statements:

	1 Jan 2013 £m	31 Dec 2013 £m
Increase in non-current provisions	[redacted]	[redacted]
Decrease in deferred tax liability	[redacted]	[redacted]
Increase in accumulated losses	[redacted]	[redacted]

Reclassifications

Derivative financial instruments

In prior periods all derivative financial instruments were classified as current in the balance sheet. In the current year derivative financial instruments have been classified as current or non-current based on the underlying cash flows in order to provide more relevant and reliable information. As a result of this change, the following reclassifications have been made to the comparative amounts in these financial statements:

	1 Jan 2013 £m	31 Dec 2013 £m
Decrease in current derivative financial instruments assets	[redacted]	[redacted]
Increase in non-current derivative financial instruments assets	[redacted]	[redacted]
Decrease in current derivative financial instruments liabilities	[redacted]	[redacted]
Increase in non-current derivative financial instruments liabilities	[redacted]	[redacted]

Finance costs/income

The group has changed its presentation of interest income and interest cost on derivatives, which were previously combined and included within interest on term and revolving facilities and public loan notes within finance costs. The group is now showing interest income and interest cost on derivatives at fair value through profit and loss separately. This change in classification provides more relevant and reliable information. As a result, the following reclassifications have been made to the amounts stated in the previously issued financial statements for the year ended 31 December 2013: