

Consolidated cash flow statement

Year ended 31 December 2005

	Note	2005 £m	2004 £m
Cash flows from operating activities			
Profit before tax*		2,145	1,561
Changes in operating assets and liabilities:			
Investments		(21,462)	(14,741)
Banking customer accounts		(861)	(330)
Other non-investment and non-cash assets		(970)	(105)
Policyholder liabilities (including unallocated surplus)		21,126	13,639
Other liabilities (including operational borrowings)		180	1,061
Interest income and expense and dividend income included in profit before tax		(8,410)	(7,371)
Other non-cash items		0	73
Operating cash items:			
Interest receipts		5,946	5,660
Dividend receipts		2,680	1,853
Tax paid		(573)	(450)
Net cash flows from operating activities		(199)	850
Cash flows from investing activities			
Purchases of property, plant and equipment	H6	(160)	(227)
Proceeds from disposal of property, plant and equipment		6	4
Acquisition of subsidiaries, net of cash balances	I6	(68)	(92)
Disposal of subsidiaries, net of cash balances	I6	252	218
Net cash flows from investing activities		30	(97)
Cash flows from financing activities			
Structural borrowings of the Group:	I10		
Shareholder-financed operations:			
Issue		168	344
Redemption		(308)	(61)
Interest paid		(204)	(189)
With-profits operations:			
Interest paid		(9)	(9)
Equity capital:			
Issues of ordinary share capital	H11	55	1,140
Dividends paid	B3	(380)	(323)
Net cash flows from financing activities		(678)	902
Net (decrease) increase in cash and cash equivalents		(847)	1,655
Cash and cash equivalents at beginning of year		4,341	2,756
Effect of exchange rate changes on cash and cash equivalents		92	(70)
Cash and cash equivalents at end of year	H10	3,586	4,341

* Profit before tax represents income net of post-tax transfers to unallocated surplus of with-profits funds, before tax attributable to policyholders and unallocated surplus of with-profits funds, unit-linked policies and shareholders' profits. It does not represent profit before tax attributable to shareholders.