

Consolidated statement of cash flows

Year ended 31 December 2009	Note	2009 £m	2008 £m
Cash flows from operating activities			
Profit (loss) before tax (<i>being tax attributable to shareholders' and policyholders' returns</i>) [*]		1,564	(2,074)
Loss before tax from discontinued operations	I9	(14)	–
Total profit (loss) before tax		1,550	(2,074)
Changes in operating assets and liabilities:			
Investments [†]		(26,388)	32,424
Other non-investment and non-cash assets [†]		(384)	(828)
Policyholder liabilities (including unallocated surplus)		24,932	(26,987)
Other liabilities (including operational borrowings)		(299)	(631)
Interest income and expense and dividend income included in result before tax [†]		(7,267)	(7,927)
Other non-cash items (including £559 million in 2009 for the loss on disposal of Taiwan agency business)		650	(74)
Operating cash items:			
Interest receipts [†]		5,734	5,875
Dividend receipts		1,780	2,019
Tax paid		(200)	(653)
Net cash flows from operating activities		108	1,144
Cash flows from investing activities			
Purchases of property, plant and equipment	H6	(91)	(240)
Proceeds from disposal of property, plant and equipment		54	11
Completion adjustment for previously disposed business	I9	(20)	–
Disposal of Taiwan agency business	II	(497)	–
Net cash flows from investing activities		(554)	(229)
Cash flows from financing activities			
Structural borrowings of the Group:	II0		
Shareholder-financed operations:			
Issue of subordinated debt, net of costs		822	–
Redemption of senior debt		(249)	–
Interest paid		(207)	(167)
With-profits operations:			
Interest paid		(9)	(9)
Equity capital: [‡]			
Issues of ordinary share capital	H11	3	12
Dividends paid	B3	(344)	(297)
Net cash flows from financing activities		16	(461)
Net (decrease) increase in cash and cash equivalents		(430)	454
Cash and cash equivalents at beginning of year		5,955	4,951
Effect of exchange rate changes on cash and cash equivalents		(218)	550
Cash and cash equivalents at end of year	H10	5,307	5,955

^{*} This measure is the formal profit (loss) before tax measure under IFRS but it is not the result attributable to shareholders.

[†] Reclassification adjustments have been made in respect of the 2008 comparatives for these line items as explained in note I10.

[‡] Cash movements in respect of equity capital exclude scrip dividends.