

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2010	Note	2010 £m	2009 £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax (<i>being tax attributable to shareholders' and policyholders' returns</i>) ^{note(i)}		2,072	1,564
Loss before tax from discontinued operations	I10	–	(14)
Total profit before tax		2,072	1,550
Changes in operating assets and liabilities:			
Investments		(24,594)	(26,388)
Other non-investment and non-cash assets		(1,161)	(384)
Policyholder liabilities (including unallocated surplus)		24,287	24,932
Other liabilities (including operational borrowings)		1,332	(299)
Interest income and expense and dividend income included in result before tax		(7,514)	(7,267)
Other non-cash items (including £559 million in 2009 for the loss on disposal of Taiwan agency business)		139	650
Operating cash items:			
Interest receipts		6,277	5,734
Dividend receipts		1,412	1,780
Tax paid		(302)	(200)
Net cash flows from operating activities		1,948	108
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	H6	(93)	(91)
Proceeds from disposal of property, plant and equipment		4	54
Completion adjustment for previously disposed business	I10	–	(20)
Disposal of Taiwan agency business	I2(b)	–	(497)
Acquisition of subsidiaries, net of cash balance ^{note(ii)}	I1	(145)	–
Net cash flows from investing activities		(234)	(554)
CASH FLOWS FROM FINANCING ACTIVITIES			
Structural borrowings of the Group:	I11		
Shareholder-financed operations:			
Issue of subordinated debt, net of costs		–	822
Redemption of senior debt		–	(249)
Bank loan		250	–
Interest paid		(251)	(207)
With-profits operations:			
Interest paid		(9)	(9)
Equity capital: ^{note(iii)}			
Issues of ordinary share capital	H11	13	3
Dividends paid	B3	(449)	(344)
Net cash flows from financing activities		(446)	16
Net increase (decrease) in cash and cash equivalents		1,268	(430)
Cash and cash equivalents at beginning of year		5,307	5,955
Effect of exchange rate changes on cash and cash equivalents		56	(218)
CASH AND CASH EQUIVALENTS AT END OF YEAR	H10	6,631	5,307

Notes

- (i) This measure is the formal profit before tax measure under IFRS but it is not the result attributable to shareholders.
- (ii) The acquisition of United Overseas Bank Life Assurance Limited (UOB) resulted in an outflow of cash for investing activities of £133 million. The remaining outflow of £12 million relates to the PAC with-profits fund purchase of Meterserve.
- (iii) Cash movements in respect of equity capital exclude scrip dividends.