

Consolidated cash flow statement

for the year ended 31 December 2003

	2003	2002
	£m	£m
Net cash (outflow)/inflow from operating activities	(1,141.5)	108.5
Returns on investment and servicing of finance		
Interest paid on perpetual preferred securities	(9.7)	–
Interest paid on subordinated liabilities	(62.0)	(49.2)
Net cash outflow from returns on investment and servicing of finance	(71.7)	(49.2)
Taxation	(61.5)	(54.3)
Capital expenditure and financial investment		
Purchase of investment securities	(7,326.9)	(7,072.3)
Sale and maturity of investment securities	7,456.1	7,012.0
Purchase of tangible fixed assets	(27.4)	(11.3)
Sale of tangible fixed assets	24.9	17.6
Purchase of own shares	(14.3)	(13.3)
Disposal of own shares	1.0	2.4
Net cash inflow/(outflow) from capital expenditure and financial investment	113.4	(64.9)
Acquisitions and disposals		
Net cash outflow from the investment in joint venture	(0.6)	(4.5)
Net cash outflow from the acquisitions of subsidiaries	(9.7)	–
Net cash outflow from acquisitions and disposals	(10.3)	(4.5)
Equity dividends paid	(97.7)	(91.4)
Financing		
Net proceeds from the issue of perpetual subordinated liabilities	444.2	197.3
Net proceeds from the issue of perpetual preferred securities	–	148.5
Net proceeds from secured funding	970.9	–
Repayment of subordinated liabilities	–	(100.0)
Repurchase of own shares	(62.0)	(88.7)
Net cash inflow from financing	1,353.1	157.1
Increase in cash	83.8	1.3

See note 35 for reconciliations of cash and financing balances and operating profit to net cash flow from operating activities.

Reconciliation of movement in shareholders' funds

for the year ended 31 December 2003

	Group		Company	
	2003	2002	2003	2002
	£m	£m	£m	£m
Profit attributable to shareholders	204.0	171.6	151.4	162.3
Dividends	(102.0)	(96.4)	(102.0)	(96.4)
	102.0	75.2	49.4	65.9
Repurchase of own shares	(62.0)	(88.7)	(62.0)	(88.7)
Net addition/(reduction) to shareholders' funds	40.0	(13.5)	(12.6)	(22.8)
Opening shareholders' funds	1,261.8	1,275.3	1,189.5	1,212.3
Closing shareholders' funds	1,301.8	1,261.8	1,176.9	1,189.5

No note of historical cost profits and losses has been presented as there is no material difference between the Group's results as disclosed in the Consolidated Profit and Loss Account and the results on an unmodified historical cost basis.