

Consolidated cash flow statement

For the year ended December 31, 2011

	Notes	2011 £m	* Restated 2010 £m
Reconciliation of cash flows from operating activities			
Profit before taxation		1,105	702
Share of results of joint ventures and associates	10	(116)	(93)
Profit on disposal of businesses		(3)	(4)
Profit on disposal of property, plant and equipment		(8)	(10)
Net financing	3	84	432
Taxation paid		(208)	(168)
Amortisation of intangible assets	8	169	130
Depreciation and impairment of property, plant and equipment	9	241	237
Impairment of investments	10	-	3
(Decrease)/increase in provisions		(28)	99
(Increase)/decrease in inventories		(140)	41
(Increase)/decrease in trade and other receivables		(62)	39
Increase in trade and other payables		416	248
Movement in other financial assets and liabilities		68	(299)
Net defined benefit post-retirement (credit)/cost recognised in profit before financing		(43)	147
Cash funding of defined benefit post-retirement schemes		(304)	(282)
Share-based payments	21	59	50
Dividends received from joint ventures and associates	10	76	68
Net cash inflow from operating activities		1,306	1,340
Cash flows from investing activities			
Additions of unlisted investments		-	(1)
Disposals of unlisted investments		1	46
Additions of intangible assets		(363)	(321)
Disposals of intangible assets		6	-
Purchases of property, plant and equipment		(412)	(354)
Government grants received		38	38
Disposals of property, plant and equipment		31	38
Acquisitions of businesses		(19)	(150)
Disposals of businesses		7	2
Investments in joint ventures and associates		(1,329)	(19)
Loan to Engine Holding GmbH		(167)	-
Net cash outflow from investing activities		(2,207)	(721)
Cash flows from financing activities			
Repayment of loans		(567)	(108)
Proceeds from increase in loans		-	68
Net cash flow from decrease in borrowings		(567)	(40)
Interest received		19	23
Interest paid		(50)	(77)
Decrease/(increase) in short-term investments		316	(326)
Issue of ordinary shares (net of expenses)		(1)	67
Purchase of ordinary shares		(57)	(124)
Redemption of C Shares		(315)	(266)
Net cash outflow from financing activities		(655)	(743)
Net decrease in cash and cash equivalents		(1,556)	(124)
Cash and cash equivalents at January 1		2,851	2,958
Exchange (losses)/gains on cash and cash equivalents		(4)	17
Cash and cash equivalents at December 31		1,291	2,851

* Restated to show government grants, previously included in trade and other payables, separately.

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For the year ended December 31, 2011

	2011 £m	2010 £m
Reconciliation of movements in cash and cash equivalents to movements in net funds		
Decrease in cash and cash equivalents	(1,556)	(124)
Cash flow from decrease in borrowings	567	40
Cash flow from (decrease)/increase in short-term investments	(316)	326
Change in net funds resulting from cash flows	(1,305)	242
Net funds (excluding cash and cash equivalents) of businesses acquired	–	(1)
Exchange (losses)/gains on net funds	(5)	17
Fair value adjustments	92	26
Movement in net funds	(1,218)	284
Net funds at January 1 excluding the fair value of swaps	1,335	1,051
Net funds at December 31 excluding the fair value of swaps	117	1,335
Fair value of swaps hedging fixed rate borrowings	106	198
Net funds at December 31	223	1,533

The movement in net funds (defined by the Group as including the items shown below) is as follows:

	At January 1, 2011 £m	Funds flow £m	Exchange differences £m	Fair value adjustments £m	At December 31, 2011 £m
Cash at bank and in hand	1,266	26	(7)	–	1,285
Money-market funds	381	(370)	–	–	11
Short-term deposits	1,212	(1,201)	3	–	14
Overdrafts	(8)	(11)	–	–	(19)
Cash and cash equivalents	2,851	(1,556)	(4)	–	1,291
Short-term investments	328	(316)	(1)	–	11
Other current borrowings	(709)	566	–	142	(1)
Non-current borrowings	(1,134)	1	–	(50)	(1,183)
Finance leases	(1)	–	–	–	(1)
	1,335	(1,305)	(5)	92	117
Fair value of swaps hedging fixed rate borrowings	198			(92)	106
	1,533	(1,305)	(5)	–	223