

Condensed consolidated statement of cash flows

	Note	2016 £m	2015 £m	
		Half year	Half year	Full year
Cash flows from operating activities				
Profit before tax (<i>being tax attributable to shareholders' and policyholders' returns</i>) ^{note(i)}		956	2,084	3,321
Non-cash movements in operating assets and liabilities reflected in profit before tax ^{note(ii)}		(556)	704	(49)
Other items ^{note(iii)}		403	(389)	(739)
Net cash flows from operating activities		803	2,399	2,533
Cash flows from investing activities				
Net cash outflows from purchases and disposals of property, plant and equipment		(32)	(90)	(226)
Net cash (outflows) inflows from corporate transactions ^{note(iv)}		(302)	34	(243)
Net cash flows from investing activities		(334)	(56)	(469)
Cash flows from financing activities				
Structural borrowings of the Group:				
Shareholder-financed operations: ^{note(v)}	C6.1			
Issue of subordinated debt, net of costs		681	590	590
Interest paid		(160)	(144)	(288)
With-profits operations: ^{note(vi)}	C6.2			
Interest paid		(4)	(4)	(9)
Equity capital:				
Issues of ordinary share capital		6	2	7
Dividends paid		(935)	(659)	(974)
Net cash flows from financing activities		(412)	(215)	(674)
Net increase in cash and cash equivalents		57	2,128	1,390
Cash and cash equivalents at beginning of period		7,782	6,409	6,409
Effect of exchange rate changes on cash and cash equivalents		691	(239)	(17)
Cash and cash equivalents at end of period		8,530	8,298	7,782

Notes

- (i) This measure is the formal profit before tax measure under IFRS but it is not the result attributable to shareholders.
(ii) The adjusting items to profit before tax included within non-cash movements in operating assets and liabilities reflected in profit before tax are as follows:

	2016 £m	2015 £m	
	Half year	Half year	Full year
Other non-investment and non-cash assets	(2,660)	(2,004)	(1,063)
Investments	(21,280)	(8,431)	(6,814)
Policyholder liabilities (including unallocated surplus)	19,548	6,795	6,067
Other liabilities (including operational borrowings)	3,836	4,344	1,761
Non-cash movements in operating assets and liabilities reflected in profit before tax	(556)	704	(49)

- (iii) The adjusting items to profit before tax included within other items are adjustments in respect of non-cash items together with operational interest receipts and payments, dividend receipts and tax paid.
(iv) Net cash flows for corporate transactions are for distribution rights and the acquisition and disposal of businesses.
(v) Structural borrowings of shareholder-financed operations exclude borrowings to support short-term fixed income securities programmes, non-recourse borrowings of investment subsidiaries of shareholder-financed operations and other borrowings of shareholder-financed operations. Cash flows in respect of these borrowings are included within cash flows from operating activities.
(vi) Interest paid on structural borrowings of with-profits operations relate solely to the £100 million 8.5 per cent undated subordinated guaranteed bonds, which contribute to the solvency base of the Scottish Amicable Insurance Fund (SAIF), a ring-fenced sub-fund of the PAC with-profits fund. Cash flows in respect of other borrowings of with-profits funds, which principally relate to consolidated investment funds, are included within cash flows from operating activities.