

Consolidated statement of cash flow

Reconciliation of operating profit to operating cash flows

	Notes	2000 £m	1999 £m	1998 £m
Business performance operating profit		5,300	4,816	4,488
Depreciation		735	650	608
Impairment (excluding restructuring)		75	12	11
Amortisation of goodwill and intangible fixed assets		38	55	93
Loss on sale of tangible fixed assets		38	8	8
Income from equity investments		(225)	(171)	(48)
Increase in stocks		(17)	(408)	(400)
Increase in trade and other debtors		(333)	(271)	(388)
Increase in trade and other creditors		389	153	9
(Decrease)/increase in pension and other provisions		(60)	152	32
Other		(40)	(5)	10
Net cash inflow from business performance operating activities		5,900	4,991	4,423
Manufacturing restructuring costs paid		(159)	(131)	(78)
Integration provision movement		–	–	(15)
Integration costs paid		(203)	(44)	(95)
Merger transaction costs		(97)	–	–
Net cash inflow from operating activities		5,441	4,816	4,235

Cash flow statement

Net cash inflow from operating activities		5,441	4,816	4,235
Earnings from joint ventures and associated undertakings		1	2	40
Returns on investment and servicing of finance		(322)	(315)	(327)
Taxation paid		(1,240)	(1,095)	(1,043)
Capital expenditure and financial investment		(327)	(2,241)	(1,206)
Acquisitions and disposals	32	66	973	(172)
Equity dividends paid		(2,028)	(1,833)	(1,817)
Net cash inflow/(outflow) before management of liquid resources and financing		1,591	307	(290)
Management of liquid resources		(223)	(36)	(178)
Financing		(546)	(175)	257
Increase/(decrease) in cash in the year		822	96	(211)

Reconciliation of net cash flow to movement in net debt

Net debt at beginning of year		(2,357)	(2,717)	(2,830)
Increase/(decrease) in cash in the year		822	96	(211)
Cash inflow from management of liquid resources		223	36	178
Net (increase in)/repayment of long-term loans		(9)	(114)	94
Net repayment of short-term loans		706	456	21
Net (increase in)/repayment of obligations under finance leases		(13)	5	4
Net non-cash funds of subsidiary undertakings acquired		–	–	1
Exchange adjustments		24	(113)	(44)
Other non-cash movements		(7)	(6)	70
Movement in net debt		1,746	360	113
Net debt at end of year	26	(611)	(2,357)	(2,717)

Analysis of cash flows

	2000 £m	1999 £m	1998 £m		
Returns on investment and servicing of finance					
Interest received	157	139	146		
Interest paid	(328)	(291)	(338)		
Dividends paid to minority shareholders	(95)	(113)	(85)		
Dividends paid on preference shares	(56)	(50)	(50)		
	(322)	(315)	(327)		
Taxation paid					
	(1,240)	(1,095)	(1,043)		
Capital expenditure and financial investment					
Purchase of tangible fixed assets	(1,007)	(1,139)	(1,032)		
Sale of tangible fixed assets (including integration)	46	116	83		
Purchase of intangible assets	(96)	(106)	(91)		
Sale of intangible assets	–	1	8		
Proceeds from product divestments	1,529	–	–		
Purchase of own shares	(1,232)	(1,291)	(277)		
Proceeds from own shares for staff options	206	45	124		
Purchase of equity investments	(62)	(37)	(102)		
Sale of equity investments	289	170	81		
	(327)	(2,241)	(1,206)		
Acquisitions and disposals (Note 32)					
Purchase of businesses	(25)	(67)	(174)		
Disposal of businesses	(62)	1,002	20		
Investment in joint ventures and associated undertakings	(2)	(3)	(18)		
Disposal of interest in associate	155	41	–		
	66	973	(172)		
Financing					
Issue of Ordinary Share capital	185	171	361		
Other financing cash flows	(47)	1	15		
Increase in long-term loans	12	123	5		
Repayment of long-term loans	(3)	(9)	(99)		
Net repayment of short-term loans	(706)	(456)	(21)		
Net increase in/(repayment of) obligations under finance leases	13	(5)	(4)		
	(546)	(175)	257		
Analysis of changes in net debt					
	At 31.12.00 £m	Cash flow £m	Exchange £m	Other £m	At 1.1.00 £m
Cash repayable on demand	1,275	706	24	–	545
Overdrafts	(191)	116	(6)	–	(301)
	1,084	822	18	–	244
Debt due within one year:					
Commercial paper	(1,599)	(468)	(32)	(5)	(1,094)
Other	(491)	1,173	(35)	(205)	(1,424)
	(2,090)	705	(67)	(210)	(2,518)
Debt due after one year:					
Euro Bonds and Euro notes	(1,644)	(12)	(32)	200	(1,800)
Other	(107)	(9)	(5)	4	(97)
	(1,751)	(21)	(37)	204	(1,897)
Management of liquid resources					
Cash balances not repayable on demand	8	(27)	1	–	34
Liquid investments	2,138	250	109	(1)	1,780
	2,146	223	110	(1)	1,814
Net debt	(611)	1,729	24	(7)	(2,357)