

Condensed consolidated statement of cash flows

		2017 £m	2016 £m	
	Note	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)}		2,207	956	3,212
Non-cash movements in operating assets and liabilities reflected in profit before tax:				
Other non-investment and non-cash assets		(550)	(2,660)	(2,490)
Investments		(26,539)	(21,280)	(37,824)
Policyholder liabilities (including unallocated surplus)		21,597	19,548	31,135
Other liabilities (including operational borrowings)		3,390	3,836	7,861
Other items ^{note (ii)}		(15)	403	307
Net cash flows from operating activities		90	803	2,201
Cash flows from investing activities				
Net cash outflows from purchases and disposals of property, plant and equipment		(56)	(32)	(246)
Net cash inflows (outflows) from corporate transactions ^{note (iii)}		813	(302)	(303)
Net cash flows from investing activities		757	(334)	(549)
Cash flows from financing activities				
Structural borrowings of the Group:				
Shareholder-financed operations: ^{note (iv)}	C6.1			
Issue of subordinated debt, net of costs		–	681	1,227
Interest paid		(207)	(160)	(335)
With-profits operations: ^{note (v)}	C6.2			
Interest paid		(4)	(4)	(9)
Equity capital:				
Issues of ordinary share capital		10	6	13
Dividends paid		(786)	(935)	(1,267)
Net cash flows from financing activities		(987)	(412)	(371)
Net (decrease) increase in cash and cash equivalents		(140)	57	1,281
Cash and cash equivalents at beginning of period		10,065	7,782	7,782
Effect of exchange rate changes on cash and cash equivalents		(32)	691	1,002
Cash and cash equivalents at end of period		9,893	8,530	10,065

Notes

- (i) This measure as explained in the footnote to the income statement 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 other items are adjustments in respect of non-cash items together with operational interest receipts and payments, dividend receipts and tax paid.
- (iii) Net cash flows for corporate transactions are for distribution rights and the acquisition and disposal of businesses (including private equity and other subsidiaries acquired by with-profits funds for investment purposes).
- (iv) 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.
- The changes in the carrying value of the structural borrowings of shareholder-financed operations during half year 2017 are analysed as follows:

	Non-cash movements £m			
	Balance at 1 Jan 2017	Amortisation of issue costs	Foreign exchange movement	Balance at 30 Jun 2017
Structural borrowings of shareholder-financed operations	6,798	7	(191)	6,614

- (v) 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. There is no change in respect of the carrying value of the £100 million structural borrowings of the with-profits operations during half year 2017. 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.