

# Notes to the financial statements

## 27 Notes to the cash flow statements

### (a) Reconciliation of operating profit to cash generated from operations

	Group 2009 £m	Group 2008 £m	Company 2009 £m	Company restated <sup>2</sup> 2008 £m
Operating profit	673	530	(18)	(3)
Adjustments for				
Depreciation expense	453	463	1	1
Amortisation expense	15	18	-	-
Profit on sale of properties	(57)	(7)	(21)	-
Fair value gain on other financial asset	-	(22)	-	-
Foreign exchange differences	(10)	(2)	-	-
Share-based payments expense	40	53	-	-
Operating cash flows before changes in working capital	1,114	1,033	(38)	(2)
Changes in working capital				
Increase in inventories	(8)	(94)	-	-
Decrease/(increase) in trade and other receivables	23	(26)	(60)	19
Increase/(decrease) in trade and other payables	148	96	301	(141)
Increase/(decrease) in provisions and other liabilities	4	(7)	-	(2)
Adjustment for retirement benefit obligations <sup>1</sup>	(75)	(4)	-	-
Cash generated from operations	1,206	998	203	(126)

<sup>1</sup> The adjustment for retirement benefit obligations reflects the difference between the service charges of £53 million (2008: £78 million) for the defined benefit schemes and the cash contributions of £128 million made by the Group to the defined benefit schemes (2008: £82 million).

<sup>2</sup> The restatement of certain comparative amounts are explained in note 2 on page 52.

### (b) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents comprise the following:

	Group 2009 £m	Group 2008 £m	Company 2009 £m	Company 2008 £m
Cash and cash equivalents	627	719	460	324
Bank overdrafts (note 20)	(28)	(118)	(8)	(88)
	599	601	452	236