

37 Net cash inflow from operating activities

	Group			Company		
	2006 £m	2005* £m	2004* £m	2006 £m	2005* £m	2004 £m
Operating profit before tax	9,186	7,936	7,284	3,486	1,932	2,890
Decrease/(increase) in prepayments and accrued income	322	1,064	(333)	—	4	(17)
Interest on subordinated liabilities	1,386	1,271	681	520	583	318
Increase/(decrease) in accruals and deferred income	515	(1,200)	1,750	(27)	8	(7)
Provisions for impairment losses	1,877	1,707	1,402	—	—	—
Loans and advances written-off net of recoveries	(1,626)	(1,870)	(1,305)	—	—	—
Unwind of discount on impairment losses	(142)	(144)	—	—	—	—
Profit on sale of property, plant and equipment	(216)	(91)	(69)	—	—	—
(Profit)/loss on sale of subsidiaries and associates	(44)	80	(4)	—	—	—
Profit on sale of securities	(369)	(667)	(167)	—	—	—
Charge for defined benefit pension schemes	580	462	397	—	—	—
Cash contribution to defined benefit pension schemes	(536)	(452)	(1,146)	—	—	—
Other provisions utilised	(42)	(34)	(47)	—	—	—
Depreciation and amortisation	1,678	1,825	1,674	—	—	—
Elimination of foreign exchange differences	4,516	(3,060)	1,864	(22)	(30)	—
Other non-cash items	(1,395)	(257)	(1,252)	45	(116)	25
Net cash inflow from trading activities	15,690	6,570	10,729	4,002	2,381	3,209
(Increase)/decrease in loans and advances to banks and customers	(44,525)	(36,778)	(72,955)	346	(14)	77
Increase in securities	(16,703)	(28,842)	(11,883)	—	—	—
Decrease/(increase) in other assets	671	(2,390)	(2,208)	2	5	33
(Increase)/decrease in derivative assets	(21,018)	(5,758)	(3,753)	55	50	21
Changes in operating assets	(81,575)	(73,768)	(90,799)	403	41	131
Increase/(decrease) in deposits by banks and customers	63,091	32,424	53,073	(164)	832	18
Increase in insurance liabilities	244	620	866	—	—	—
(Decrease)/increase in debt securities in issue	(4,457)	24,147	19,073	(803)	1,328	(269)
Increase/(decrease) in other liabilities	935	571	919	14	(55)	(19)
Increase/(decrease) in derivative liabilities	21,674	5,161	3,808	42	(96)	(9)
Increase in settlement balances and short positions	4,068	10,326	8,796	—	—	—
Changes in operating liabilities	85,555	73,249	86,535	(911)	2,009	(279)
Total income taxes paid	(2,229)	(1,911)	(1,366)	154	(18)	36
Net cash inflow from operating activities	17,441	4,140	5,099	3,648	4,413	3,097

*restated (see Note 48).

38 Analysis of the net investment in business interests and intangible assets

	Group		
	2006 £m	2005 £m	2004 £m
Fair value given for businesses acquired	(21)	(85)	(8,157)
Cash and cash equivalents acquired	—	—	457
Non-cash consideration	—	10	4
Net outflow of cash in respect of purchases	(21)	(75)	(7,696)
Cash and cash equivalents in businesses sold	229	10	—
Other assets sold	36	208	18
Non-cash consideration	(1)	(30)	—
Profit/(loss) on disposal	44	(80)	4
Net inflow of cash in respect of disposals	308	108	22
Dividends received from joint ventures	29	16	9
Cash expenditure on intangible assets	(379)	(345)	(303)
Net outflow	(63)	(296)	(7,968)