

Notes to the financial statements

for the six months to 30 September 2003

1 Reconciliation of revenue profit before tax to net cash inflow from operating activities

	6 months to 30 September 2003 (unaudited) £m	6 months to 30 September 2002 (unaudited) £m	12 months to 31 March 2003 (audited) £m
Revenue profit before tax	73	48	172
Depreciation of equipment and vehicles	3	3	7
Tax on investment income included within income from overseas companies	–	–	(1)
Interest received by way of loan notes	(15)	(15)	(41)
Movement in other assets associated with operating activities	(11)	7	(9)
Movement in prepayments and accrued income associated with operating activities	(13)	(10)	12
Movement in accruals and deferred income associated with operating activities	(3)	(5)	(15)
Movement in provisions for liabilities and charges	(5)	(4)	2
Reversal of losses of joint ventures less distributions received	–	1	1
Net cash inflow from operating activities	29	25	128

2 Reconciliation of net cash flows to movements in net debt

	6 months to 30 September 2003 (unaudited) £m	6 months to 30 September 2002 (unaudited) £m	12 months to 31 March 2003 (audited) £m
Increase in cash in the period	45	15	49
Cash flow from management of liquid resources	162	122	(15)
Cash flow from debt financing	13	142	143
Cash flow from subordinated liabilities	5	(5)	(7)
Change in net debt from cash flows	225	274	170
Foreign exchange movements	(17)	–	(46)
Non-cash changes	(2)	2	50
Movement in net debt in the period	206	276	174
Net debt at start of period	(1,015)	(1,189)	(1,189)
Net debt at end of period	(809)	(913)	(1,015)

3 Analysis of net debt

	1 April 2003 (audited) £m	Cash flow (unaudited) £m	Exchange movement (unaudited) £m	Other non-cash changes (unaudited) £m	30 September 2003 (unaudited) £m
Cash and deposits repayable on demand	99	45	–	–	144
Treasury bills, other loans, advances and treasury debt securities	712	162	1	–	875
Deposits and debt securities repayable within one year	(401)	283	–	(2)	(120)
Deposits and debt securities repayable after one year	(1,372)	(270)	(17)	2	(1,657)
Subordinated liabilities repayable after one year	(51)	5	(1)	(2)	(49)
Finance leases	(2)	–	–	–	(2)
	(1,015)	225	(17)	(2)	(809)