

Group profit and loss account

for the year ended December 31, 2004

	Notes	2004 £m	2003 £m
Turnover: Group and share of joint ventures		6,229	6,038
Sales to joint ventures		965	936
Less share of joint ventures' turnover		(1,255)	(1,329)
Group turnover	2	5,939	5,645
Cost of sales		(4,812)	(4,714)
Gross profit		1,127	931
Other operating income	3	73	153
Commercial, marketing and product support costs		(302)	(292)
General and administrative costs		(296)	(288)
Research and development (net)*		(282)	(281)
Group operating profit		320	223
Share of operating profit of joint ventures		49	52
Profit on sale or termination of businesses	31	9	6
Loss on sale of fixed assets		(2)	(11)
Profit on ordinary activities before interest	2	376	270
Net interest payable – Group	4	(48)	(66)
– joint ventures		(22)	(24)
Profit on ordinary activities before taxation	3	306	180
Taxation	5	(101)	(64)
Profit on ordinary activities after taxation		205	116
Equity minority interests in subsidiary undertakings		(1)	—
Profit attributable to ordinary shareholders		204	116
Dividends**	6	—	(53)
Transferred to reserves	26	204	63
*Research and development (gross)		(601)	(619)
**Payments to shareholders (see Accounting policies – B Shares)		(140)	(137)
Earnings per ordinary share:	7		
Underlying		14.50p	12.20p
Basic		12.07p	7.04p
Diluted		11.64p	6.94p

As permitted by the Companies Act 1985, a separate profit and loss account for the Company has not been included in these financial statements. Balance sheet and Cash flow 2003 comparatives have been restated to reflect UITF 38 'Accounting for ESOP Trusts' (see note 1). There have been no material acquisitions or material discontinued operations in 2004 or 2003.

Balance sheets

at December 31, 2004

	Notes	Group		Company	
		2004 £m	Restated 2003 £m	2004 £m	2003 £m
Fixed assets					
Intangible assets	9	911	863	—	—
Tangible assets	10	1,626	1,750	—	—
Investments – subsidiary undertakings	11	—	—	2,198	2,153
– joint ventures	12	199	202	—	—
– share of gross assets		1,137	1,113		
– share of gross liabilities		(943)	(916)		
– goodwill		5	5		
– other	13	57	63	—	—
		2,793	2,878	2,198	2,153
Current assets					
Stocks	14	1,081	962	—	—
Debtors – amounts falling due within one year	15	1,357	1,497	501	1
– amounts falling due after one year	16	1,053	1,109	—	—
Short-term deposits and investments	17	730	174	—	—
Cash at bank and in hand		758	794	—	—
		4,979	4,536	501	1
Creditors – amounts falling due within one year					
Borrowings	18	(204)	(94)	—	—
Other creditors	19	(2,570)	(2,759)	—	(53)
Net current assets		2,205	1,683	501	(52)
Total assets less current liabilities		4,998	4,561	2,699	2,101
Creditors – amounts falling due after one year					
Borrowings	20	(1,364)	(1,197)	—	—
Other creditors	21	(540)	(426)	—	—
Provisions for liabilities and charges	22	(787)	(795)	—	—
		2,307	2,143	2,699	2,101
Capital and reserves					
Called-up share capital	25	346	333	346	333
Share premium account	26	4	1	4	1
Revaluation reserve	26	89	96	—	—
Merger reserve	26	3	3	918	1,004
Capital redemption reserve	26	74	—	74	—
Profit and loss account	26	1,787	1,707	1,357	763
Shareholders' funds¹		2,303	2,140	2,699	2,101
Equity minority interests in subsidiary undertakings		4	3	—	—
		2,307	2,143	2,699	2,101

¹ Equity shareholders' funds Group £2,298m (2003 £2,140m), Company £2,694m (2003 £2,101m); non-equity shareholders' funds Group £5m (2003 £nil), Company £5m (2003 £nil).

The financial statements on pages 52 to 85 were approved by the Board on February 9, 2005 and signed on its behalf by:



Simon Robertson Chairman



Andrew Shilston Finance Director

Group cash flow statement

for the year ended December 31, 2004

		2004 £m	Restated 2003 £m
Net cash inflow from operating activities	A	640	673
Dividends received from joint ventures		15	11
Returns on investments and servicing of finance	B	(48)	(56)
Taxation paid		(84)	(43)
Capital expenditure and financial investment	C	(219)	(198)
Acquisitions and disposals	D	14	(16)
Equity dividends paid		(33)	(88)
Cash inflow before use of liquid resources and financing		285	283
Management of liquid resources	E	(558)	(90)
Financing	F	274	(17)
Increase in cash in the year		1	176

Reconciliation of net cash flow to movement in net funds

Increase in cash	1	176
Cash outflow from increase in liquid resources	558	90
Cash (inflow)/outflow from (increase)/decrease in borrowings	(299)	20
Change in net funds resulting from cash flows	260	286
Borrowings of businesses disposed	—	33
Finance lease additions	—	(10)
Zero-coupon bonds 2005/2007 (9.0% interest accretion)	(4)	(4)
Exchange adjustments	(13)	(33)
Movement in net funds	243	272
Net debt at January 1	(323)	(595)
Net debt at December 31	(80)	(323)

	At January 1, 2004 £m	Cash flow £m	Exchange adjustments £m	Other non-cash changes £m	At December 31, 2004 £m
Analysis of net debt					
Cash at bank and in hand	794	(6)	(30)	—	758
Overdrafts	(20)	7	—	—	(13)
Short-term deposits and investments	174	558	(2)	—	730
Other borrowings due within one year	(59)	57	1	(178)	(179)
Borrowings due after one year	(1,128)	(408)	18	174	(1,344)
Finance leases	(84)	52	—	—	(32)
	(323)	260	(13)	(4)	(80)

Group cash flow statement continued
for the year ended December 31, 2004

	2004 £m	Restated 2003 £m
Reconciliation of operating profit to operating cash flows		
Operating profit	320	223
Amortisation of intangible assets (note 9)	62	63
Depreciation of tangible fixed assets (note 10)	223	223
Increase in provisions for liabilities and charges	7	3
(Increase)/decrease in stocks	(121)	191
Decrease/(increase) in debtors	180	(188)
(Decrease)/increase in creditors	(31)	158
A Net cash inflow from operating activities	640	673
Returns on investments and servicing of finance		
Interest received	58	28
Interest paid	(103)	(79)
Interest element of finance lease payments	(3)	(5)
B Net cash outflow for returns on investments and servicing of finance	(48)	(56)
Capital expenditure and financial investment		
Disposals of unlisted investments	—	5
Additions to intangible assets	(110)	(37)
Purchases of tangible fixed assets	(175)	(182)
Disposals of tangible fixed assets	66	16
C Net cash outflow for capital expenditure and financial investment	(219)	(198)
Acquisitions and disposals		
Acquisitions of businesses	—	(9)
Disposals of businesses (note 31)	16	1
Investments in joint ventures	(2)	(8)
D Net cash inflow/(outflow) for acquisitions and disposals	14	(16)
Management of liquid resources		
Increase in short-term deposits	(561)	(91)
Decrease in government securities and corporate bonds	3	1
E Net cash outflow from management of liquid resources	(558)	(90)
Financing		
Borrowings due within one year – repayment of loans	(57)	(245)
– increase in loans	—	2
Borrowings due after one year – repayment of loans	(92)	(58)
– increase in loans	500	296
Capital element of finance lease payments	(52)	(15)
Net cash inflow/(outflow) from increase/(decrease) in borrowings	299	(20)
Issue of ordinary shares	4	1
(Purchase)/disposal of own shares	(2)	2
Redemption of B Shares	(27)	—
F Net cash inflow/(outflow) from financing	274	(17)

Group statement of total recognised gains and losses for the year ended December 31, 2004

	2004 £m	Restated 2003 £m
Profit attributable to the shareholders of Rolls-Royce Group plc	204	116
Exchange adjustments on foreign currency net investments	(38)	(3)
Total recognised gains for the year	166	113

Group historical cost profits and losses for the year ended December 31, 2004

	2004 £m	Restated 2003 £m
Profit on ordinary activities before taxation	306	180
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	7	4
Historical cost profit on ordinary activities before taxation	313	184
Historical cost transfer to reserves	211	67

Reconciliations of movements in shareholders' funds for the year ended December 31, 2004

	Group		Company	
	2004 £m	Restated 2003 £m	2004 £m	2003 £m
At January 1 (as previously reported)	2,141	2,035	2,101	—
Prior year adjustment (see Accounting policies page 57)	(1)	(3)	—	—
At January 1, (restated)	2,140	2,032	2,101	—
Group reorganisation	—	—	—	2,153
Total recognised gains for the year	166	113	601	—
Ordinary dividends (net of scrip dividend adjustments)	(7)	(8)	(7)	(53)
New ordinary share capital issued (net of expenses)	4	1	4	1
Goodwill transferred to the profit and loss account in respect of disposals of businesses	2	—	—	—
Relating to own shares	(2)	2	—	—
At December 31	2,303	2,140	2,699	2,101

Principal subsidiary undertakings at December 31, 2004

Incorporated within the UK – held by Rolls-Royce Group plc

Rolls-Royce plc	Principal trading/holding company
Groby Limited	Non-trading company

Incorporated within the UK – held by subsidiary undertakings

Civil aerospace

Rolls E.L.Turbofans Limited	Engine support services/holding company
Rolls-Royce General Partner Limited ¹	Management company
Rolls-Royce Total Care Services Limited	Aftermarket support services

Marine systems

Rolls-Royce Marine Electrical Systems Limited ²	Marine electrical systems
Rolls-Royce Marine Power Operations Limited	Nuclear submarine propulsion systems

Energy

Rolls-Royce Fuel Cell Systems Limited ³	Development of fuel cell systems
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Financial services and corporate

Rolls-Royce Aircraft Management Limited	Sales finance and other financial services
Rolls-Royce Capital Limited ³	Sales finance and other financial services
Rolls-Royce International Limited	International support and commercial information services
Rolls-Royce Leasing Limited	Engine leasing
Rolls-Royce Overseas Holdings Limited	Holding company
Rolls-Royce Overseas Investments Limited ⁴	Holding company
Rolls-Royce Power Engineering plc	Power generation and marine systems
Rolls-Royce Power Ventures Limited	Provision of project development capabilities
Vinters Engineering plc ⁵	Holding company
Vinters plc	Holding company

¹ The interest is held by Rolls-Royce Supplies Limited.

² The interest is held by Rolls-Royce Power Engineering plc.

³ This subsidiary acts as an agent of Rolls-Royce plc.

⁴ The interest is held by Rolls-Royce Overseas Holdings Limited.

⁵ The interest is held by Vinters plc.

The above companies operate principally in the UK and the effective Group interest is 100%.

Incorporated overseas – held by subsidiary undertakings

Civil aerospace

Brazil	Rolls-Royce Brasil Limitada	Repair and overhaul
France	Rolls-Royce Technical Support SARL ¹	Project support
Germany	Rolls-Royce Deutschland Ltd & Co KG ²	BR700 series engine development and manufacture
Italy	Europea Microfusioni Aerospaziali S.p.A.	Manufacture of castings
USA	Rolls-Royce Corporation ³	Design, development and manufacture of gas turbine engines
USA	Rolls-Royce Engine Services – Oakland Inc. ⁴	Repair and overhaul

Marine systems

Finland	Rolls-Royce OY AB ⁵	Manufacture of winches and propeller systems
Norway	Rolls-Royce Marine AS ⁵	Design and manufacture of ship equipment/holding company
Norway	Ulstein Holding AS ⁶	Holding company
Sweden	Kamewa Holding AB ⁵	Holding company
Sweden	Rolls-Royce AB ⁷	Manufacture of propeller systems
USA	Rolls-Royce Commercial Marine Inc. ⁴	Aftermarket support services
USA	Rolls-Royce Naval Marine Inc. ⁴	Design and manufacture of ship propellers
USA	Syncrolift Inc. ⁴	Shiplift systems

Energy

Canada	Rolls-Royce Canada Limited ⁸	Industrial gas turbines and aero engine sales, service and overhaul
India	Rolls-Royce Energy Systems India Private Limited ¹	Project management and customer support
Singapore	Rolls-Royce Pte Limited ¹	Engine and turbine compression systems, spares
USA	Rolls-Royce Energy Systems Inc. ⁴	Turbine generator packages

Financial services and corporate

Canada	Rolls-Royce Holdings Canada Inc.	Holding company
Guernsey	Nightingale Insurance Limited ¹	Insurance services
USA	Rolls-Royce North America (USA) Holdings Co. ⁹	Holding company
USA	Rolls-Royce North America Holdings Inc. ¹⁰	Holding company
USA	Rolls-Royce Capital Inc. ¹¹	Financial services

¹ The interests are held by Rolls-Royce Overseas Holdings Limited.

² The interest is held as follows: 49.5% Rolls-Royce Erste Beteiligungs GmbH, 50.5% Rolls-Royce Zweite Beteiligungs GmbH.

³ The interest is held by Rolls-Royce Asset Management Inc.

⁴ The interests are held by Rolls-Royce North America Ventures I Inc.

⁵ The interests are held by Vinters International Limited.

⁶ The interest is held by Rolls-Royce Marine AS.

⁷ The interest is held by Kamewa Holding AB.

⁸ The interest is held by Rolls-Royce Holdings Canada Inc.

⁹ The interest is held by Rolls-Royce Overseas Investments Limited.

¹⁰ The interest is held by Rolls-Royce North America (USA) Holdings Co.

¹¹ The interest is held by Rolls-Royce North America Ventures II Inc.

The above companies operate principally in the country of their incorporation.

The effective Group interest is 100%, other than Europea Microfusioni Aerospaziali S.p.A. which is 51%.

A list of all subsidiary undertakings will be included in the Company's annual return to Companies House.

Principal joint ventures at December 31, 2004

Incorporated within the UK – held by subsidiary undertakings

	Class	% of class held	% of total equity held
Civil aerospace			
TRT Limited	A Ordinary	—	49.5
Turbine blade repair services	B Ordinary	100	
Turbine Surface Technologies Limited	A Ordinary	—	50
Turbine surface coatings	B Ordinary	100	
Defence			
Airtanker Holdings Limited Holding company	Ordinary	20	20
Rolls-Royce Snecma Limited (UK & France) Engine collaboration	A Shares B Shares	— 100	50
Rolls-Royce Turbomeca Limited (UK & France) Adour and RTM322 engines collaboration	A Shares B Shares	— 100	
Turbo-Union Limited (UK, Germany & Italy) RB199 engine collaboration	Ordinary A Shares	40 37.5	40
Energy			
Genistics Holdings Limited	A Ordinary	100	50
Holding company of Genistics Limited	B Ordinary	—	
Rolls Wood Group (Repair and Overhauls) Limited Repair and overhaul	A Ordinary B Ordinary	100 —	50
Financial services and corporate			
Alpha Partners Leasing Limited	A Ordinary	100	50
Engine leasing	B Ordinary	—	

Incorporated overseas – held by subsidiary undertakings

	Class	% of class held	% of total equity held
Civil aerospace			
China	Xian XR Aero Components Co Limited Manufacturing facility for aero-engine parts	Ordinary	49
Hong Kong	Hong Kong Aero Engine Services Limited ¹ Repair and overhaul	Ordinary	45
Israel	TechJet Aerofoils Limited ¹ Manufacture of compressor aerofoils	A Ordinary B Ordinary	50 50
Saudi Arabia	Middle East Propulsion Company Limited ² Repair and overhaul	Ordinary	16.7
Singapore	International Engine Component Overhaul Pte Limited ¹ Repair and overhaul	Common	50
Singapore	Singapore Aero Engine Services Private Limited ¹ (effective interest 39%) Repair and overhaul	Ordinary	30
Spain	Industria de Turbo Propulsores SA Manufacture and maintenance of aero engines	Ordinary	46.9
Switzerland	IAE International Aero Engines AG (UK, Germany, Japan & USA) V2500 series engine collaboration	A Shares B Shares C Shares D shares	100 — — —
USA	Data Systems & Solutions, LLC ³ Advanced controls and predictive data management	Partnership	50
USA	Texas Aero Engine Services, LLC ⁴ Repair and overhaul	Partnership	50
USA	Williams-Rolls Inc. ⁵ (UK & North America) Small engine collaboration	Common	15

Incorporated overseas – held by subsidiary undertakings continued

		Class	% of class held	% of total equity held
Defence				
Germany	EPI Europrop International GmbH (Germany) (effective interest 35.5%) A400M engine collaboration	Ordinary	28	28
Germany	EUROJET Turbo GmbH (UK, Germany, Italy & Spain) (effective interest 39%) EJ200 engine collaboration	Ordinary	33	33
Germany	MTU, Turbomeca, Rolls-Royce GmbH (UK, France & Germany) MTR390 engine collaboration	Ordinary	33.3	33.3
Financial services and corporate				
Isle of Man	Pembroke Group Limited ⁶ (Eire) Aircraft leasing	Ordinary	50	50
USA	Alpha Leasing (US) LLC ⁷ Engine leasing	Partnership	50	—
USA	Alpha Leasing (US) (No. 2) LLC ⁷ Engine leasing	Partnership	50	—
USA	Exostar LLC ⁸ B2B exchange	Partnership	17.6	—
USA	Rolls-Royce & Partners Finance (US) LLC ⁷ Engine leasing	Partnership	50	—

Unincorporated overseas – held by subsidiary undertakings

Civil aerospace

USA	Light Helicopter Turbine Engine Company (LHTEC) Rolls-Royce Corporation has a 50% interest in this unincorporated partnership which was formed to develop and market jointly the T800 engine.
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¹ The interests are held by Rolls-Royce Overseas Holdings Limited.

² The interest is held by Middle East Equity Partners Limited.

³ The partner is Rolls-Royce Control Systems Holdings Co.

⁴ The partner is Rolls-Royce Engine Services Holdings Co.

⁵ The interest is held by Rolls E.L. Turbofans Limited.

⁶ The interest is held by Larten Limited.

⁷ The partner is Rolls-Royce Finance Holdings Co.

⁸ The partner is Rolls-Royce Investment Co.

The countries of principal operations are stated in brackets after the name of the company.

Joint arrangements that are not entities
at December 31, 2004

Held by subsidiary undertakings

		Class	% of class held	% of total equity held
Jersey	RS Leasing Limited ¹ Aircraft leasing	A Ordinary B Ordinary	100 —	50

¹ The interest is held by Rolls-Royce Leasing Limited.

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- i) select suitable accounting policies and then apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;
- iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Rolls-Royce Group plc

We have audited the financial statements on pages 52 to 85. We have also audited the information in the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual report and the directors' remuneration report. As described on this page, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

We review whether the corporate governance statement on pages 33 to 36 reflects the Company's compliance with the nine provisions of the 2003 FRC Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual report, including the corporate governance statement and the unaudited part of the directors'

remuneration report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the directors' remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the directors' remuneration report to be audited.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at December 31, 2004 and of the profit of the Group for the year then ended; and the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

Chartered Accountants, Registered Auditor

London

February 9, 2005

Group five year review

for the years ended December 31

	2004 £m	2003 £m	2002 £m	2001 £m	2000 £m
Profit and loss account					
Group turnover	5,939	5,645	5,788	6,328	5,864
Operating profit before exceptional items and net research and development	602	558	540	822	806
Operating exceptional items	—	(54)	(75)	(230)	(145)
Research and development (net)*	(282)	(281)	(297)	(358)	(371)
Group operating profit	320	223	168	234	290
Share of operating profit of joint ventures	49	52	66	82	76
Non-operating and exceptional items	7	(5)	(22)	(5)	(77)
Net interest payable	(70)	(90)	(107)	(119)	(123)
Profit on ordinary activities before taxation	306	180	105	192	166
Taxation	(101)	(64)	(52)	(86)	(87)
Profit on ordinary activities after taxation	205	116	53	106	79
Equity minority interests in subsidiary undertakings	(1)	—	—	—	—
Profit attributable to ordinary shareholders	204	116	53	106	79
Dividends	—	(53)	(133)	(132)	(126)
Transferred to/(from) reserves	204	63	(80)	(26)	(47)
*Research and development (gross)	(601)	(619)	(590)	(636)	(604)

Earnings per ordinary share:

Underlying	14.50p	12.20p	11.10p	20.20p	19.38p
Basic	12.07p	7.04p	3.29p	6.67p	5.07p

Payments to shareholders per ordinary share

	8.18p¹	8.18p ¹	8.18p	8.18p	8.00p
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¹ Including B Shares.

	2004 £m	2003 £m	2002 £m	2001 £m	2000 £m
Balance sheet					
Fixed assets	2,793	2,878	3,007	2,783	2,846
Current assets	4,979	4,536	4,289	4,551	4,000
	7,772	7,414	7,296	7,334	6,846
Liabilities and provisions	(5,465)	(5,271)	(5,262)	(5,270)	(4,815)
	2,307	2,143	2,034	2,064	2,031
Share capital	346	333	323	320	314
Reserves	1,957	1,807	1,709	1,742	1,716
Equity shareholders' funds	2,303	2,140	2,032	2,062	2,030
Minority interests in subsidiary undertakings	4	3	2	2	1
	2,307	2,143	2,034	2,064	2,031

Balance sheets for 2000 to 2003 have been restated for UITF 38 (see note 1).

	2004 £m	2003 £m	2002 £m	2001 £m	2000 £m
Cash flow					
Cash inflow from operating activities	640	673	611	418	479
Interest, dividends and taxation	(150)	(176)	(222)	(147)	(162)
Capital expenditure and financial investment	(219)	(198)	(381)	(181)	(253)
Acquisitions and disposals	14	(16)	(20)	79	(53)
	285	283	(12)	169	11
Management of liquid resources	(558)	(90)	217	(162)	324
Financing	274	(17)	(81)	113	(360)
Increase/(decrease) in cash in the year	1	176	124	120	(25)
Movement in net funds	243	272	(94)	189	4

Cash flows for 2000 to 2003 have been restated for UITF 38 (see note 1).