

Rolls-Royce - Reconciliation of free cash flow statement to consolidated cash flow statement for year ended 31 December 2015		
Reported operating profit	1,499	
Realised gains on hedging instruments	(287)	Headline to underlying adjustments (Note 2)
Net unrealised FV to chnages to derivatives	9	Headline to underlying adjustments (Note 2)
FX on contract accounting	9	Headline to underlying adjustments (Note 2)
Revaluation of trading assets / liabilities	13	Headline to underlying adjustments (Note 2)
Acquisition accounting	124	Headline to underlying adjustments (Note 2)
Impairment of goodwill	75	Headline to underlying adjustments (Note 2)
Exceptional restructuring	49	Headline to underlying adjustments (Note 2)
Other	1	Headline to underlying adjustments (Note 2)
Underlying profit before financing charges & tax	1,492	
Financing	(60)	Income statement
Underlying profit before tax	1,432	
Depreciation	378	Cash flow statement
Amortisation	432	Cash flow statement
Impairment of goodwill	(75)	Reversal of headline adjustment (above)
Impairment of investments	2	Cash flow statement
Acquisition accounting	(124)	Reversal of headline adjustment (above)
Depreciation and amortisation	613	
Inventories	63	Cash flow statement
Receivables	(836)	Cash flow statement
Payables	242	Part of Cash flow statement = See Payables note
Revaluation of trading assets	(13)	Reversal of headline adjustment (above)
Net working capital change	(544)	
Additions of intangible assets	(408)	Cash flow statement
Additions of property, plant and equipment (PP&E)	(487)	Cash flow statement
Government grants received	8	Cash flow statement
Capital expenditure and intangible assets	(887)	
Realised gains	287	Reversal of headline adjustment (above)
Net unrealised FV to changes to derivatives	(9)	Reversal of headline adjustment (above)
FX on contract accounting	(9)	Reversal of headline adjustment (above)
Exceptional restructuring	(49)	Reversal of headline adjustment (above)
Other	(1)	Reversal of headline adjustment (above)
Underlying financing	60	Recognition from above
Profit on disposal of PPE	8	Cash flow statement
JVs	(37)	JV cash dividend less JV profit (CFS)
Provision	(151)	Cash flow statement
Cash flows on financial assets and liabilities	(305)	Cash flow statement
Share based payments	5	Cash flow statement
Additions of unlisted Investments	(6)	Net of addition and disposal lines (CFS)
Disposal of intangible assets	4	Cash flow statement
Disposal of PP&E	33	Cash flow statement
Investment in JVs / Associates	(15)	Cash flow statement
Interest	(55)	Net income statement charge plus cash rec. less cash paid (CFS)
Issue of ordinary shares	32	Cash flow statement
Purchase of ordinary shares	(21)	Cash flow statement
Other	(229)	
Trading cash flow	385	
Defined benefit operating change in income statement	213	Cash flow statement
Cash funding of defined benefit	(259)	Cash flow statement
Tax	(160)	Cash flow statement
Pensions / Tax	(206)	
Free cash flow	179	
Purchase of Ordinary shares: Share buy-back	(414)	Cash flow statement
Redemption of C shares	(421)	Cash flow statement
Payments to shareholders	(835)	
Base cash flow	(656)	
Acquisition of businesses	(5)	Cash flow statement
Payments in relation to 2014 discontinued operations	(121)	Cash flow statement
Disposal of businesses	2	Cash flow statement
Exchange gain on net funds	3	Cash flow statement
Acquisitions / FX	(121)	
Gross cash flow	(777)	
Net funds of business acquired	-	Cash flow statement
Change in net funds	(777)	