

Cash flow statements

	Notes	for the year ended 31 December			
		The Group		The Company	
		2007 £m	2006 £m	2007 £m	2006 £m
Cash generated by operations	30	3 691	3 360	24	11
Income taxes (paid)/received		(950)	(979)	1	21
Net cash inflow from operating activities		2 741	2 381	25	32
Cash flows from investing activities					
Dividends received		148	193	677	1 047
Proceeds from disposal of subsidiary undertakings and investments		461	9	–	–
Proceeds from disposal of property, plant and equipment and intangible assets		3	49	–	–
Purchase of property, plant and equipment and intangible assets		(1 718)	(1 313)	–	–
Loans (to)/from joint ventures and associates		(82)	(66)	–	–
Business combinations and investments ^(a)		(497)	(67)	–	–
Net cash (outflow)/inflow from investing activities		(1 685)	(1 195)	677	1 047
Cash flows from financing activities					
Interest paid ^(b)		(129)	(121)	–	–
Interest received		132	135	35	–
Dividends paid		(264)	(246)	(264)	(246)
Dividends paid to minority		(37)	(36)	–	–
Net proceeds from issue of new borrowings ^(c)		444	214	–	–
Repayment of borrowings		(290)	(192)	–	–
Issue of shares	26	51	26	51	25
Purchase of own shares		(555)	(972)	(555)	(972)
Funding movements with subsidiary		–	–	32	115
Net cash outflow from financing activities		(648)	(1 192)	(701)	(1 078)
Net increase/(decrease) in cash and cash equivalents		408	(6)	1	1
Cash and cash equivalents at 1 January	18	1 463	1 516	1	–
Effect of foreign exchange rate changes		10	(47)	–	–
Cash and cash equivalents at 31 December	18	1 881	1 463	2	1

Major non-cash transactions included assets acquired during the year of £53m (2006 £199m) financed through finance lease arrangements and a provision of £156m to reflect the present obligation under retained capacity contracts in the Interconnector pipeline following the sale of the Group's 25% equity interest in Interconnector (UK) Limited (see note 6, page 93).

(a) In 2007, includes the purchase of the remaining equity (66.3%) of Serene S.p.A. (now BG Italia Power S.p.A.) net of cash acquired of £27m and the purchase of Lake Road and Masspower power plants (see note 15, page 100). In 2006, includes the purchase of the Dighton power plant and deferred consideration for the acquisition of BG Brindisi LNG S.p.A. which was acquired in 2005.

(b) Includes capitalised interest of £37m (2006 £54m).

(c) Includes net cash flows relating to short maturity financing items.