

# NOTES TO THE CASH FLOW STATEMENT

## 15 Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2005 £m	2004 £m
Operating profit	207.2	181.7
Depreciation charge	72.7	84.5
Non exceptional profit on sale of fixed assets	0.3	–
Amortisation and impairment of intangible assets	76.2	84.1
(Increase)/decrease in stocks and work in progress	(1.9)	4.8
Increase in debtors	(38.2)	(3.4)
Increase in creditors and other provisions	43.1	30.7
<b>Net cash inflow from operating activities</b>	<b>359.4</b>	<b>382.4</b>

The cash inflow noted above includes a cash outflow of £7.2 million (2004 £0.5 million) in respect of operating exceptional items.

## 16 Analysis of Cash Flows given in the Cash Flow Statement

	Note	2005 £m	2004 £m
<b>Returns on investments and servicing of finance</b>			
Interest received		17.7	8.6
Interest paid		(68.7)	(64.1)
Interest element of finance lease rental payments		(2.0)	(1.5)
Dividends received from other investments		2.6	3.4
Dividends paid to minority shareholders		(5.7)	(4.5)
		(56.1)	(58.1)
<b>Taxation (net)</b>			
Tax paid		(44.6)	(25.2)
Tax repaid		9.0	10.9
		(35.6)	(14.3)
<b>Capital expenditure and financial investment (net)</b>			
Purchase of tangible fixed assets		(94.5)	(102.8)
Purchase of investments		(0.4)	(0.2)
Disposal of tangible fixed assets		6.2	8.2
Disposal of investments		16.0	9.1
		(72.7)	(85.7)
<b>Acquisitions and disposals</b>			
Purchase of businesses	18	(102.2)	(111.3)
Purchase of radio licences	18	–	(106.4)
(Overdrafts)/cash acquired with subsidiaries	33	(0.5)	10.6
Investments in joint ventures and associates		(32.9)	(4.9)
Disposal of businesses	18	15.7	83.5
		(119.9)	(128.5)
<b>Financing</b>			
Issue of share capital		1.0	0.2
Issue of shares by Group companies to minority interests		3.2	0.6
Purchase of own shares		(15.4)	(32.6)
Disposal of own shares held by DMGT Share Trust		–	28.2
Repurchase of bonds		(87.7)	–
Increase/(repayment) of other borrowings		100.4	(24.8)
Increase in loans to associates and joint ventures		3.2	1.4
Treasury hedging activities		(3.3)	26.8
Capital element of finance lease rental payments		(5.4)	(18.9)
<b>Net cash inflow from financing</b>		<b>(4.0)</b>	<b>(19.1)</b>

# NOTES TO THE CASH FLOW STATEMENT

Continued

## 17 Analysis of Net Debt

	Note	At beginning of year £m	Cash flow £m	Transfer between categories £m	Issued on acquisition of subsidiaries £m	Acquisition (excluding cash and overdrafts) £m	Foreign exchange movements £m	Other non-cash movements £m	At end of year £m
Cash		88.0	(5.8)	–	–	–	0.1	–	<b>82.3</b>
Bank overdrafts		(1.3)	1.0	–	–	–	0.1	–	<b>(0.2)</b>
		86.7	(4.8)	–	–	–	0.2	–	<b>82.1</b>
Debt due within one year	i	(105.9)	0.1	93.2	(1.9)	–	–	–	<b>(14.5)</b>
Debt due after one year									
Bonds	ii	(745.3)	87.8	–	–	–	–	0.6	<b>(656.9)</b>
Loans	i, iii	(0.2)	(100.4)	(93.2)	–	–	(11.4)	(0.1)	<b>(205.3)</b>
		(851.4)	(12.5)	–	(1.9)	–	(11.4)	0.5	<b>(876.7)</b>
Finance lease obligations		(19.8)	5.5	–	–	–	–	–	<b>(14.3)</b>
		(871.2)	(7.0)	–	(1.9)	–	(11.4)	0.5	<b>(891.0)</b>
Short-term investments	27	4.7	37.8	–	–	(0.1)	0.1	–	<b>42.5</b>
Net debt		(779.8)	26.0	–	(1.9)	(0.1)	(11.1)	0.5	<b>(766.4)</b>

(i) The transfer between categories occurs since these borrowings were drawn on bank facilities expiring within one year at 3rd October, 2004. On 4th October, 2004 the Group renewed its committed borrowing facilities for a five year period.

(ii) Other non-cash movements in respect of bonds include the unwinding of the premium on the 2021 10% bonds in the year of £0.6 million and on the 2013 7.5% bonds of £0.3 million offset by the amortisation of issue costs of £0.3 million.

(iii) Other non-cash movements in respect of debt due after one year comprises accrued interest of £0.1 million.

## 18 Analysis of Movements in Cash in respect of Acquisitions and Disposals

	Note	2005 £m	2004 £m
<b>Acquisitions</b>			
Cash consideration including acquisition expenses – businesses	33	<b>80.7</b>	102.3
Cash paid in respect of consideration deferred from prior years		<b>21.5</b>	9.0
		<b>102.2</b>	111.3
Cash consideration including acquisition expenses – radio licences	33	–	106.4
		<b>102.2</b>	217.7

Cash paid in respect of consideration deferred from prior years was mainly in respect of the business to business information and careers division.

	Note	2005 £m	2004 £m
<b>Disposals</b>			
Cash consideration including disposal costs	34	<b>8.4</b>	83.5
Cash consideration including disposal costs from sale of joint ventures	22	<b>7.3</b>	–
		<b>15.7</b>	83.5

The impact of operating cash flows from acquisitions and disposals made in the year was not material.