(33) DEFERRED ITEMS

DB Group receives various public-sector grants, which are generally granted in relation to assets or income. The grants are recognized in the balance sheet as soon as it is certain that they will be provided and as soon as the conditions necessary for receiving the grants have been satisfied. The grants related to assets, and in particular investment grants, are deducted directly from the assets for which the grants have been received. The interest benefit (spread between nominal value and present value) of interest-free loans is deferred on the basis of the contractual grant conditions. The income from pro rata reversal of these accruals is shown as other operating income.

The deferred items contained the following:

AS OF DEC 31 / € million	2022	2021
Deferred public-sector grants	137	145
Deferred revenues	904	724
Other	384	380
Total	**1,425**	**1,249**
Non-current share	526	406
Current share	899	843

The changes to deferred revenues resulted from the DB Long-Distance and DB Regional segments.

€ million	2022	2021
As of Jan 1	0	67
Reversals	–	–67
As of Dec 31	**0**	**0**

Deferred revenues constituted that part of compensation that is attributable to the period after the balance sheet date.

Notes to the statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents in the year under review, and was prepared in accordance with IAS 7 (Statement of Cash Flows). The indirect method has been used for showing cash flow from operating activities.

Interest income and interest payments, dividend income as well as tax payments are stated under operating activities.

Cash and cash equivalents include the cash and cash equivalents stated in the balance sheet with a residual maturity of up to three months (cash in hand, cash at banks as well as security investments). As of December 31, 2022, € 1,277 million of the cash and cash equivalent (as of December 31, 2021: € 1,162 million) was subject to restrictions mainly as a result of provisions of the rail franchises in the United Kingdom as well as due to country-specific and contractual restrictions particularly in international logistics business.

Current receivables due from banks (as of December 31, 2022: € 142 million; as of December 31, 2021: € 83 million), resulting from collateral agreements in connection with financial futures, are shown under current other receivables and assets. Because it is becoming increasingly difficult to predict the development in the value of the financial futures, it can only be assumed to a limited extent that such hedges represent current liquidity.

CASH FLOW FROM OPERATING ACTIVITIES

The cash flow from operating activities is calculated by adjusting the net profit/loss for the period before taxes by items that are not cash-effective (in particular additions to and reversals of other provisions) and by adding other changes in current assets, in liabilities (excluding financial debt) and provisions. The cash flow from operating activities is then established after due consideration is given to interest and tax payments.
In accordance with IFRS 16, outflows related to leases are recognized in cash flow from financing activities if they are redemption payments, and are recognized in cash flow from operating activities if they are payments of interest.

The cash flow from operating activities has increased considerably in the year under review. This was due to a significantly higher net profit for the year, adjusted for reduced depreciation on property, plant and equipment and intangible assets, lower trade liabilities and reduced non-cash expenses.

Non-cash expenses and income decreased in the year under review, particularly as a result of a significantly lower balance of expenses from additions to and reversals of other provisions (€ +553 million).

CASH FLOW FROM INVESTING ACTIVITIES

The cash flow from investing activities is calculated as the cash inflow provided by the disposal of property, plant and equipment and intangible assets as well as by investment grants, and the cash outflow for capital expenditures in property, plant and equipment and intangible assets, as well as cash flow from the addition and disposal of non-current financial assets.

Payments received from investment grants are shown under investing activities due to the close connection between investment grants received and the payments made for capital expenditures in property, plant and equipment assets.

The significant increase in cash outflow from investing activities resulted in particular from increased payments for investments in financial assets, especially for investments in short-term money-market funds (€ 501 million) and from the acquisition of shares in consolidated companies (in the year under review: € 272 million; previous year: € 45 million). Capital expenditures on property, plant and equipment increased slightly by € 128 million. In contrast, the net inflow from investment grants fell (€ –491 million; –5.5%). On balance, inflows and outflows for investments in financial assets included outflows of € 326 million to pay for investments from the acquisition of transport concessions (IFRIC 12).

When changes take place in the scope of consolidation as a result of the acquisition or sale of companies, the acquisition price paid (excluding any liabilities that are transferred) less the acquired or sold financial resources are stated as cash flow from investing activities.

CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities is due to additions to capital, the net inflows and outflows attributable to senior bonds issued, changes in bank borrowings and loans as well as outflows for the redemption of finance leasing liabilities and interest-free loans.

The cash inflow from financing activities decreased by a further € 748 million. This was due in particular to a decline in the net outflow from the raising and repayment of funds of, mainly from the repayment of bank debts and a reduced net inflow from the issue and redemption of senior bonds. In addition, there were lower proceeds from capital injections and reduced redemption payments for leases.

INFORMATION REGARDING THE CHANGES IN FINANCIAL LIABILITIES (IAS 7)

€ million	As of Jan 1, 2022	Cash changes (inflow [+]/ outflow [-])	Non-cash changes: Acquisition (+)/ disposal (-) of companies	Non-cash changes: Exchange rate effects	Non-cash changes: Addition (+)/ disposal (-) of liabilities and financial receivables	Non-cash changes: Compounding [1]	As of Dec 31, 2022
Financial receivables	-83	-59	–	–	–	–	-142
LIABILITIES FROM FINANCING							
Interest-free loans	446	-157	–	–	-7	16	298
Senior bonds	27,403	1,487	–	-105	–	17	28,802
Bank borrowings	1,320	735	-40	0	–	–	545
EUROFIMA loan	–	–	–	–	–	–	–
Leasing liabilities [1]	5,059	-1,059	59	-29	1,148	2	5,180
Liabilities from transport concessions	180	-16	–	–	–	–	164
Other financial liabilities	78	149	65	-11	3	–	284
Liabilities from financing	**34,486**	**-331**	**84**	**-145**	**1,144**	**35**	**35,273**
Total	**34,403**	**-390**	**84**	**-145**	**1,144**	**35**	**35,131**

[1] The outflows for leasing liabilities including interest paid amounted to € 1,147 million as of December 31, 2022. For the statement of cash flows, these were broken down into an interest component and a redemption component. This interest element is netted under compounding.

€ million	As of Jan 1, 2021	Cash changes (inflow [+]/ outflow [-])	Non-cash changes: Acquisition (+)/ disposal (-) of companies	Non-cash changes: Exchange rate effects	Non-cash changes: Addition (+)/ disposal (-) of liabilities and financial receivables	Non-cash changes: Compounding [1]	As of Dec 31, 2021
Financial receivables	-856	187	–	–	586	–	-83
LIABILITIES FROM FINANCING							
Interest-free loans	580	-157	–	–	–	23	446
Senior bonds	24,021	3,028	–	337	–	17	27,403
Bank borrowings	3,304	-1,986	–	2	–	–	1,320
EUROFIMA loan	200	-200	–	–	–	–	–
Leasing liabilities [1]	4,931	-1,164	35	55	1,202	0	5,059
Liabilities from transport concessions	191	-25	–	–	14	–	180
Other financial liabilities	97	-16	1	0	-4	–	78
Liabilities from financing	**33,324**	**-520**	**36**	**394**	**1,212**	**40**	**34,486**
Total	**32,468**	**-333**	**36**	**394**	**1,798**	**40**	**34,403**

[1] The outflows for leasing liabilities including interest paid amounted to € 1,244 million as of December 31, 2021. For the statement of cash flows, these were broken down into an interest component and a redemption component. This interest element is netted under compounding.

Notes to the segment information according to segments

The DB Group segment reporting has been prepared in accordance with IFRS 8 (Operating Segments). The operating segments of DB Group result from the aggregation of fully consolidated legal entities; these legal entities have been allocated to specific segments on the basis of the company-specific operational performance on a defined market. The Management Board takes its decisions and carries out economic analyses as well as assessments at the level of the operating segments ("management approach").

The allocation of legal entities to operating segments in external accounting is consistent with the allocation in internal management reporting. This means that the management and legal structure of DB Group are congruent. As a result of this allocation principle, there are no partial balance sheets or partial income statements within a legal entity that are allocated to different segments.

In this context, management reporting is addressed to the Management Board in its function as the primary decision maker. Management reporting in DB Group is based on the accounting principles in accordance with IFRS. With regard to reconciling the segment data with the corresponding corporate data, it is accordingly mainly necessary to take account of consolidation effects. For this reason, a consolidation column is used for reconciliation purposes. The operations of the business segments are covered in the reporting format in line with the corporate organization structure of DB Group. The main regions covered by DB Group are detailed in the segment information by regions.