

Consolidated income statement

Year ended 31 December 2005

	Note	2005 £m	2004 £m
Gross premiums earned		15,225	16,408
Outward reinsurance premiums		(197)	(256)
Earned premiums, net of reinsurance	F2	15,028	16,152
Investment income	F2	24,013	15,750
Other income	F2	2,084	2,002
Total revenue, net of reinsurance	F2	41,125	33,904
Benefits and claims and movement in unallocated surplus of with-profits funds		(33,100)	(26,593)
Acquisition costs and other operating expenditure	F3	(5,552)	(5,563)
Finance costs: interest on core structural borrowings of shareholder-financed operations	F4	(208)	(187)
Goodwill impairment charge	H1	(120)	–
Total charges		(38,980)	(32,343)
Profit before tax*		2,145	1,561
Tax attributable to policyholders' returns		(1,147)	(711)
Profit before tax attributable to shareholders		998	850
Tax expense	F5	(1,388)	(951)
Less: tax attributable to policyholders' returns		1,147	711
Tax attributable to shareholders' profits	F5	(241)	(240)
Profit from continuing operations after tax		757	610
Discontinued operations (net of tax)	F6	3	(94)
Profit for the year		760	516
Attributable to:			
Equity holders of the Company		748	517
Minority interests		12	(1)
Profit for the year		760	516
Earnings per share			
Basic (based on 2,365m and 2,121m shares respectively):			
Based on profit from continuing operations attributable to the equity holders of the Company		31.5p	27.5p
Based on profit (loss) from discontinued operations attributable to the equity holders of the Company		0.1p	(3.1)p
		31.6p	24.4p
Diluted (based on 2,369m and 2,124m shares respectively):			
Based on profit from continuing operations attributable to the equity holders of the Company		31.5p	27.5p
Based on profit (loss) from discontinued operations attributable to the equity holders of the Company		0.1p	(3.1)p
		31.6p	24.4p

* Profit before tax represents income net of post-tax transfers to unallocated surplus of with-profits funds, before tax attributable to policyholders and unallocated surplus of with-profits funds, unit-linked policies and shareholders' profits.