

Statement of changes in equity

Year ended 31 December 2005

	Note	2005								
		Share capital £m	Share premium £m	Retained earnings £m	Translation reserve £m	Available-for-sale securities reserve £m	Hedging reserve £m	Shareholders' equity £m	Minority interests £m	Total equity £m
Reserves										
Profit for the year				748				748	12	760
Items recognised directly in equity:										
Exchange movements					268			268		268
Movement on cash flow hedges							(4)	(4)	1	(3)
Unrealised valuation movements on securities classified as available-for-sale from 1 January 2005:										
Unrealised holding losses arising during the year						(773)		(773)		(773)
Less reclassification adjustment for losses included in the income statement						22		22		22
Unrealised investment losses, net						(751)		(751)		(751)
Related change in amortisation of deferred income and acquisition costs						307		307		307
Related tax					65	152	1	218		218
Total items recognised directly in equity					333	(292)	(3)	38	1	39
Total income and expense for the year				748	333	(292)	(3)	786	13	799
Cumulative effect of changes in accounting policies on adoption of IAS 32, IAS 39 and IFRS 4, net of applicable taxes at 1 January 2005	A6		2	(173)		397		226	(3)	223
Dividends	B3			(380)				(380)		(380)
Reserve movements in respect of share-based payments				15				15	(1)	14
Change in minority interests arising principally from purchase and sale of venture investment companies and property partnerships of the PAC with-profits fund									26	26
Share capital and share premium										
New share capital subscribed	H11	0	55					55		55
Transfer to retained earnings in respect of shares issued in lieu of cash dividends	H11		(51)	51				0		0
Treasury shares										
Movement in own shares in respect of share-based payment plans				0				0		0
Movement on Prudential plc shares purchased by unit trusts consolidated under IFRS				3				3		3
Net increase in equity			6	264	333	105	(3)	705	35	740
At beginning of year:										
As previously reported under UK GAAP		119	1,558	2,604				4,281	71	4,352
Changes arising from adoption of IFRS	A5			368	(160)			208	66	274
As restated under IFRS	A5	119	1,558	2,972	(160)			4,489	137	4,626
At end of year		119	1,564	3,236	173	105	(3)	5,194	172	5,366

Statement of changes in equity continued

Year ended 31 December 2005

	Note	2004						Total equity £m
		Share capital £m	Share premium £m	Retained earnings £m	Translation reserve £m	Shareholders' equity £m	Minority interests £m	
Reserves								
Profit for the year				517		517	(1)	516
Items recognised directly in equity:								
Exchange movements					(172)	(172)		(172)
Related tax					12	12		12
Total items recognised directly in equity					(160)	(160)		(160)
Total income and expense for the year				517	(160)	357	(1)	356
Dividends	B3			(323)		(323)		(323)
Reserve movements in respect of share-based payments				10		10		10
Change in minority interests arising principally from purchase and sale of venture investment companies and property partnerships of the PAC with-profits fund							1	1
Share capital and share premium								
Proceeds from Rights Issue, net of expenses	H11	17	1,004			1,021		1,021
Other new share capital subscribed	H11	2	117			119		119
Transfer to retained earnings in respect of shares issued in lieu of cash dividends	H11		(116)	116		0		0
Treasury shares								
Movement in own shares in respect of share-based payment plans				(2)		(2)		(2)
Movement on Prudential plc shares purchased by unit trusts consolidated under IFRS				14		14		14
Net increase in equity		19	1,005	332	(160)	1,196	0	1,196
At beginning of year:								
As previously reported under UK GAAP		100	553	2,587		3,240	107	3,347
Changes arising from adoption of IFRS	A5			53		53	30	83
As restated under IFRS	A5	100	553	2,640		3,293	137	3,430
At end of year		119	1,558	2,972	(160)	4,489	137	4,626