

Consolidated income statement

Year ended 31 December 2006

	Note	2006 £m	2005 £m
Gross premiums earned		16,157	15,225
Outward reinsurance premiums		(171)	(197)
Earned premiums, net of reinsurance	F2	15,986	15,028
Investment income	F2	17,904	24,013
Other income	F2	2,055	2,084
Total revenue, net of reinsurance	F1, F2	35,945	41,125
Benefits and claims and movement in unallocated surplus of with-profits funds		(28,421)	(33,100)
Acquisition costs and other operating expenditure	F3	(5,243)	(5,552)
Finance costs: interest on core structural borrowings of shareholder-financed operations	F4	(210)	(208)
Goodwill impairment charge	H1	–	(120)
Total charges	F1	(33,874)	(38,980)
Profit before tax*		2,071	2,145
Tax attributable to policyholders' returns		(849)	(1,147)
Profit before tax attributable to shareholders	B1	1,222	998
Tax expense	F5	(1,196)	(1,388)
Less: tax attributable to policyholders' returns		849	1,147
Tax attributable to shareholders' profits	F5	(347)	(241)
Profit from continuing operations after tax		875	757
Discontinued operations (net of tax)	F6	–	3
Profit for the year		875	760
Attributable to:			
Equity holders of the Company		874	748
Minority interests		1	12
Profit for the year		875	760
Earnings per share			
Basic (based on 2,413m and 2,365m shares respectively):			
Based on profit from continuing operations attributable to the equity holders of the Company		36.2p	31.5p
Based on profit from discontinued operations attributable to the equity holders of the Company		–	0.1p
		36.2p	31.6p
Diluted (based on 2,416m and 2,369m shares respectively):			
Based on profit from continuing operations attributable to the equity holders of the Company		36.2p	31.5p
Based on profit from discontinued operations attributable to the equity holders of the Company		–	0.1p
		36.2p	31.6p

* 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.

Primary
statements

A

B

C

D

E

F

G

H

I

Parent
company

EEV