

# Consolidated statement of changes in equity

## Year ended 31 December 2008

	Note	2008 £m							
		Share capital	Share premium	Retained earnings	Trans-lation reserve	Available-for-sale securities reserve	Share-holders' equity	Minority interests	Total equity
<b>Reserves</b>									
Loss for the year				(396)			(396)	5	(391)
Items recognised directly in equity:									
Exchange movements	B4				631		631		631
Unrealised valuation movements on securities of US insurance operations classified as available-for-sale:									
Unrealised holding losses arising during the year	D3(a)					(3,197)	(3,197)		(3,197)
Less net losses included in the income statement on disposal and impairment						487	487		487
						(2,710)	(2,710)		(2,710)
Related change in amortisation of deferred income and acquisition costs	H1					1,070	1,070		1,070
Related tax					119	569	688		688
Total items of income and expense recognised directly in equity					750	(1,071)	(321)		(321)
Total income and expense for the year				(396)	750	(1,071)	(717)	5	(712)
Dividends	B3			(453)			(453)	(2)	(455)
Reserve movements in respect of share-based payments				18			18		18
Change in minority interests arising principally from purchase and sale of property partnerships of the PAC with-profits fund and of other consolidated investment funds								(50)	(50)
<b>Share capital and share premium</b>									
New share capital subscribed	H11	2	168				170		170
Transfer to retained earnings in respect of shares issued in lieu of cash dividends	H11		(156)	156					
<b>Treasury shares</b>									
Movement in own shares in respect of share-based payment plans				3			3		3
Movement in Prudential plc shares purchased by unit trusts consolidated under IFRS				(25)			(25)		(25)
Net increase (decrease) in equity		2	12	(697)	750	(1,071)	(1,004)	(47)	(1,051)
At beginning of year:									
As previously reported		123	1,828	4,440	(112)	(78)	6,201	102	6,303
Effect of adoption of principles of IFRIC 14 for accounting for pension schemes	II			(139)			(139)		(139)
After adoption of IFRIC 14		123	1,828	4,301	(112)	(78)	6,062	102	6,164
At end of year	H11	125	1,840	3,604	638	(1,149)	5,058	55	5,113

2007 £m									
Note	Share capital	Share premium	Retained earnings	Translation reserve	Available-for-sale securities reserve	Hedging reserve	Shareholders' equity	Minority interests	Total equity
<b>Reserves</b>									
Profit for the year			947				947	3	950
Items recognised directly in equity:									
Exchange movements	B4			11			11		11
Movement on cash flow hedges						(3)	(3)		(3)
Unrealised valuation movements on securities classified as available-for-sale of discontinued banking operations						(2)	(2)		(2)
Unrealised valuation movements on securities of US insurance operations classified as available-for-sale:	D3(a)								
Unrealised holding losses arising during the year					(231)		(231)		(231)
Less net gains included in the income statement on disposal and impairment					(13)		(13)		(13)
					(244)		(244)		(244)
Related change in amortisation of deferred income and acquisition costs	H1				88		88		88
Related tax				2	53	1	56		56
Total items of income and expense recognised directly in equity				13	(105)	(2)	(94)		(94)
Total income and expense for the year			947	13	(105)	(2)	853	3	856
Dividends	B3		(426)				(426)	(5)	(431)
Reserve movements in respect of share-based payments			18				18		18
Change in minority interests arising principally from purchase and sale of venture investment companies and property partnerships of the PAC with-profits fund and of other consolidated investment funds								(28)	(28)
<b>Share capital and share premium</b>									
New share capital subscribed	H11	1	181				182		182
Transfer to retained earnings in respect of shares issued in lieu of cash dividends	H11		(175)	175					
<b>Treasury shares</b>									
Movement in own shares in respect of share-based payment plans				7			7		7
Movement in Prudential plc shares purchased by unit trusts consolidated under IFRS				4			4		4
Net increase (decrease) in equity		1	6	725	13	(105)	(2)	(30)	608
At beginning of year:									
As previously reported		122	1,822	3,640	(125)	27	2	132	5,620
Effect of adoption of principles of IFRIC 14 for accounting for pension schemes	II			(64)					(64)
After adoption of IFRIC 14		122	1,822	3,576	(125)	27	2	132	5,556
<b>At end of year</b>	H11	123	1,828	4,301	(112)	(78)	0	102	6,164