

Consolidated income statement

Year ended 31 December 2008

	Note	2008 £m	2007* £m
Gross premiums earned		18,993	18,359
Outward reinsurance premiums		(204)	(171)
Earned premiums, net of reinsurance	F2	18,789	18,188
Investment return	F2	(30,202)	12,225
Other income	F2	1,146	2,457
Total revenue, net of reinsurance	F1,F2	(10,267)	32,870
Benefits and claims		4,620	(26,224)
Outward reinsurers' share of benefits and claims		389	(20)
Movement in unallocated surplus of with-profits funds	H12	5,815	(541)
Benefits and claims and movements in unallocated surplus of with-profits funds, net of reinsurance		10,824	(26,785)
Acquisition costs and other operating expenditure	F3	(2,459)	(4,859)
Finance costs: interest on core structural borrowings of shareholder-financed operations	F4	(172)	(168)
Total charges, net of reinsurance	F1	8,193	(31,812)
(Loss) profit before tax (<i>being tax attributable to shareholders' and policyholders' returns</i>) [†]		(2,074)	1,058
Tax credit attributable to policyholders' returns		1,624	5
(Loss) profit before tax attributable to shareholders	B1	(450)	1,063
Tax credit (charge)	F5	1,683	(349)
Less: tax credit attributable to policyholders' returns		(1,624)	(5)
Tax credit (charge) attributable to shareholders' profits	F5	59	(354)
(Loss) profit from continuing operations after tax		(391)	709
Discontinued operations (net of tax)	I9	–	241
(Loss) profit for the year		(391)	950
Attributable to:			
Equity holders of the Company		(396)	947
Minority interests		5	3
(Loss) profit for the year		(391)	950
Earnings per share (in pence)			
Basic (based on 2,472m and 2,445m shares respectively):			
Based on (loss) profit from continuing operations attributable to the equity holders of the Company		(16.0)p	28.8p
Based on profit from discontinued operations attributable to the equity holders of the Company		–	9.9p
		(16.0)p	38.7p
Diluted (based on 2,473m and 2,448m shares respectively):			
Based on (loss) profit from continuing operations attributable to the equity holders of the Company		(16.0)p	28.8p
Based on profit from discontinued operations attributable to the equity holders of the Company		–	9.8p
		(16.0)p	38.6p

*The Company has adopted the principles of IFRIC 14 in accounting for pension schemes. The adoption gives rise to consequential changes to the comparative results for 2007. Note I1 explains the effect of the change.

[†]This measure is the formal (loss) profit before tax measure under IFRS but is not the result attributable to shareholders.