

GENERAL BUSINESS TECHNICAL ACCOUNT

	Note	2004 £m	2003 £m
Gross premiums written	11	–	–
Change in the gross provision for unearned premiums		–	155
Change in the provision for unearned premiums, reinsurers' share		–	(155)
Earned premiums, net of reinsurance		–	–
Allocated investment return transferred from the non-technical account	11	6	7
Claims paid:			
Gross amount		(70)	(151)
Reinsurers' share		42	146
Net of reinsurance		(28)	(5)
Change in the provision for claims:			
Gross amount		74	68
Reinsurers' share		(51)	(67)
Net of reinsurance		23	1
Claims incurred, net of reinsurance		(5)	(4)
Net operating expenses	15	(1)	(3)
Balance on the general business technical account	11	0	0

The whole of the general business technical account relates to operations in run-off (see note 11).

LONG-TERM BUSINESS TECHNICAL ACCOUNT

	Note	2004 £m	2003 £m
Gross premiums written	6	16,355	13,781
Outwards reinsurance premiums		(256)	(290)
Earned premiums, net of reinsurance		16,099	13,491
Investment income:			
Continuing operations		9,309	7,987
Discontinued operations		17	22
	13	9,326	8,009
Unrealised gains on investments		5,220	7,489
Claims paid:			
Gross amount		(13,273)	(11,843)
Reinsurers' share		186	140
Net of reinsurance		(13,087)	(11,703)
Change in the provision for claims:			
Gross amount		(27)	(29)
Reinsurers' share		2	(3)
Net of reinsurance		(25)	(32)
Claims incurred, net of reinsurance		(13,112)	(11,735)
Change in long-term business provision:			
Gross amount		(5,267)	(3,935)
Reinsurers' share		133	(15)
Net of reinsurance		(5,134)	(3,950)
Change in provisions for linked liabilities, net of reinsurance		(4,322)	(4,728)
Change in other technical provisions, net of reinsurance		(9,456)	(8,678)
Net operating expenses	15	(1,985)	(1,844)
Investment expenses and charges	16	(522)	(481)
Tax attributable to the long-term business	20	(896)	(824)
Allocated investment return transferred to the non-technical account		(215)	(77)
Transfer to the fund for future appropriations		(4,025)	(5,021)
Balance on the long-term business technical account		434	329
Analysed between:			
Continuing operations		417	307
Discontinued operations	34	17	22
		434	329

NON-TECHNICAL ACCOUNT

	Note	2004 £m	2003 £m
Balance on the general business technical account	8	–	–
Balance on the long-term business technical account		434	329
Tax credit attributable to balance on the long-term business technical account	20	195	150
Balance on the long-term business technical account before tax	8	629	479
Profit on insurance activities		629	479
Other activities			
Investment income	13	115	106
Unrealised gains (losses) on investments		8	(10)
Allocated investment return transferred from the long-term business technical account		215	77
Investment expenses and charges	16	(213)	(189)
Allocated investment return transferred to the general business technical account		(6)	(7)
Other income:			
UK fund management result		136	83
Asia fund management result		19	13
US broker-dealer and fund management result		(14)	(3)
Profit on the sale of discontinued operations	34	48	–
Other charges:			
Corporate expenditure	15	(83)	(67)
UK banking business result – continuing operations	11	43	55
– discontinued operations	11	(37)	(89)
Amortisation of goodwill	21	(97)	(98)
Egg France closure cost	11	(113)	–
Profit (loss) on other activities	8	21	(129)
Profit on ordinary activities before tax	8	650	350
Analysed as:			
Continuing operations		670	417
Discontinued operations		(20)	(67)
Tax on profit on ordinary activities	20	(232)	(144)
Profit for the financial year before minority interests		418	206
Minority interests		10	2
Profit for the financial year after minority interests		428	208
Dividends:			
Interim (at 5.19p (5.09p) per share) [^]		(109)	(106)
Final (at 10.65p (10.29p) per share) [^]		(253)	(214)
Total dividends		(362)	(320)
Retained profit (loss) for the financial year		66	(112)
Reconciliation of operating profit before amortisation of goodwill to profit on ordinary activities[†]			
Operating profit based on long-term investment returns before amortisation of goodwill	8	583	357
Amortisation of goodwill	21	(97)	(98)
Operating profit based on long-term investment returns		486	259
Short-term fluctuations in investment returns	5	229	91
Profit or loss on the sale or termination of discontinued operations:			
Profit on business disposals	34	48	–
Egg France closure cost	11	(113)	–
Profit on ordinary activities before tax (including actual investment returns)	8	650	350
Basic earnings per share		2004	Restated 2003
Based on operating profit after tax and related minority interests before amortisation of goodwill of £408m (£257m) and 2,129m (2,076m) shares*	5	19.2p	12.4p
Based on profit for the financial year after minority interests of £428m (£208m) and 2,129m (2,076m) shares*	5	20.1p	10.0p
Diluted earnings per share			
Based on profit for the financial year after minority interests of £428m (£208m) and 2,132m (2,078m) shares*	5	20.1p	10.0p
Dividend per share*		15.84p	15.38p

* The 2003 figures for these lines have been restated to take account of the Rights Issue in 2004.

[^] Dividend amounts per share have been restated where relevant to take account of the Rights Issue in 2004.

[†] Operating profit and operating earnings per share include investment returns at the expected long-term rate of return but exclude amortisation of goodwill and exceptional items. The directors believe that operating profit, as adjusted for these items, better reflects underlying performance. Profit on ordinary activities and basic earnings per share include these items together with actual investment returns. This basis of presentation has been adopted consistently throughout these financial statements.