

Consolidated income statement

Year ended 31 December	Note	2016 £m	2015 £m
Gross premiums earned		38,981	36,663
Outward reinsurance premiums		(2,020)	(1,157)
Earned premiums, net of reinsurance	B1.4	36,961	35,506
Investment return	B1.4	32,511	3,304
Other income	B1.4	2,370	2,495
Total revenue, net of reinsurance	B1.4	71,842	41,305
Benefits and claims		(60,948)	(30,547)
Outward reinsurers' share of benefit and claims		2,412	1,389
Movement in unallocated surplus of with-profits funds		(830)	(498)
Benefits and claims and movement in unallocated surplus of with-profits funds, net of reinsurance		(59,366)	(29,656)
Acquisition costs and other expenditure	B3	(8,848)	(8,208)
Finance costs: interest on core structural borrowings of shareholder-financed operations		(360)	(312)
Remeasurement of carrying value of Korea life business classified as held for sale	D1	(238)	–
Disposal of Japan life business – cumulative exchange loss recycled from other comprehensive income		–	(46)
Total charges, net of reinsurance	B1.4	(68,812)	(38,222)
Share of profits from joint ventures and associates, net of related tax	D6	182	238
Profit before tax (<i>being tax attributable to shareholders' and policyholders' returns</i>)*		3,212	3,321
Less tax charge attributable to policyholders' returns		(937)	(173)
Profit before tax attributable to shareholders	B1.1	2,275	3,148
Total tax charge attributable to policyholders and shareholders	B5	(1,291)	(742)
Adjustment to remove tax charge attributable to policyholders' returns		937	173
Tax charge attributable to shareholders' returns	B5	(354)	(569)
Profit for the year attributable to equity holders of the Company		1,921	2,579
Earnings per share (in pence)			
		2016	2015
Based on profit attributable to the equity holders of the Company:	B6		
Basic		75.0p	101.0p
Diluted		75.0p	100.9p

* This measure is the formal profit before tax measure under IFRS but it is not the result attributable to shareholders. This is principally because the corporate taxes of the Group include those on the income of consolidated with-profits and unit-linked funds that, through adjustments to benefits, are borne by policyholders. These amounts are required to be included in the tax charge of the Company under IAS 12. Consequently, the profit before all taxes measure is not representative of pre-tax profits attributable to shareholders. Profit before all taxes is determined after deducting the cost of policyholder benefits and movements in the liability for unallocated surplus of the PAC with-profits fund after adjusting for taxes borne by policyholders.