

Notes to the Financial Statements

4. Administrative expenses continued

	Group	
	2007 £m	2006 £m
Remuneration of auditor and associates		
- Statutory audit of the Company and consolidated accounts	0.5	0.5
Fees payable to the Group's auditor and its associates for other services:		
- Auditing of the Company's subsidiaries	0.1	0.2
- Other services pursuant to legislation	0.1	0.2
- Other services relating to taxation	-	0.2
- Regulatory and other services	0.7	0.6
Total	1.4	1.7

5. Staff costs and numbers

The average number of persons employed during the year was as follows:

	Full time		Part time		Full time equivalent	
	2007 Number	2006 Number	2007 Number	2006 Number	2007 Number	2006 Number
Group	2,451	2,511	691	663	2,862	2,892
Company	1,811	1,940	534	528	2,246	2,236

The full time equivalent is based on the average hours worked by employees in the year. The total headcount at each year end was:

	Group		Company	
	2007 Number	2006 Number	2007 Number	2006 Number
	3,035	3,154	2,559	2,445

The aggregate costs of these persons were as follows:

	Group	
	2007 £m	2006 £m
Wages and salaries	87.4	78.9
Social security costs	8.7	8.6
Defined benefit pension costs (see note 25d)	3.0	6.7
Defined contribution pension costs (see note 25a)	1.4	1.2
Other post-retirement benefits costs (see note 25d)	0.6	0.5
Equity-settled share based payment (see note 31)	4.6	4.6
	105.7	100.5

6. Taxation

	Group	
	2007 £m	2006 £m
Current taxation expense		
- UK corporation tax on profits for the year	6.1	48.5
- Adjustments in respect of previous years	7.3	(13.8)
	13.4	34.7
Foreign taxation	22.1	20.1
Total current taxation	35.5	54.8
Deferred taxation expense		
- Origination and reversal of temporary differences (see note 17)	(3.4)	14.2
- Change in rate effective 1 April 2008 on deferred tax items	0.7	-
Total taxation expense per the Income Statement	32.8	69.0
The following tax was recognised directly in equity during the year		
- Relating to available-for-sale debt securities	25.9	3.2
The following tax was recognised in equity during the year in deferred tax		
- Relating to cash flow hedge reserve	32.3	(8.9)
- Relating to actuarial gains and losses on post-retirement benefit obligations	(15.4)	(5.9)
- Relating to share-based payments	(1.5)	0.5
Net credit/(charge) to equity	41.3	(11.1)

The 2007 foreign taxation charge includes a charge of £nil (2006: £nil) in respect of previous periods.

6. Taxation continued

The total taxation expense differs from the theoretical amount that would be derived by applying the basic UK corporation tax rate to the Group's results as follows:

	Group	
	2007 £m	2006 £m
Profit before taxation	126.0	246.7
UK corporation tax at 30%	37.8	74.0
Effects of		
- Expenses not deductible for taxation	4.3	3.6
- Lower rate on overseas earnings	(7.2)	(3.0)
- Change in rate effective 1 April 2008 on deferred tax items	(0.7)	-
- Adjustments in respect of previous years	(1.4)	(5.6)
Total taxation charge for the year	32.8	69.0
Effective tax rate (%)	26.0	28.0

Deferred tax appropriately reflects the change to the standard rate of UK corporation tax from 30% to 28% which will become effective on 1 April 2008.

7. Earnings per share

	Group	
	2007 pence	2006 pence
Basic	14.9	28.2
Diluted	14.9	28.1

Earnings per share is calculated using the following amounts of profit attributable to equity shareholders:

	Group	
	2007 £m	2006 £m
Profit for the financial year	93.2	177.7

Earnings per share is calculated using the number of ordinary shares as follows:

	Group	
	2007 Shares (m)	2006 Shares (m)
Weighted average number of ordinary shares in issue	624.2	630.2
Dilutive effect of ordinary shares issuable under Company share schemes	0.8	2.0
Diluted weighted average number of ordinary shares	625.0	632.2

The diluted weighted average number of ordinary shares is calculated by assuming that all shares which could be issued as a result of existing share options and other share-based payment arrangements are in fact issued. Issuance of these additional shares would have no material impact on the Group's earnings. Shares acquired by employee share trusts, which are deducted from retained earnings, have been excluded from the calculation of earnings per share as they are cancelled until such time as they vest unconditionally to the employee.

8. Dividends

Group and Company dividends recognised in the year were as follows:

	2007	2006	2007	2006
	Pence per share	Pence per share	£m	£m
2005 final dividend	-	12.3	-	77.6
2006 interim dividend	-	6.6	-	41.6
2006 final dividend	13.4	-	84.7	-
2007 interim dividend	6.7	-	41.8	-
	20.1	18.9	126.5	119.2
Proposed final dividend (unaccrued)	14.3	13.4	87.4	84.6

On 12 February 2008, the Directors proposed that a dividend of 14.3 pence per share (2006: 13.4 pence) be paid on 2 May 2008 to shareholders, on the Register at the close of business on 25 March 2008, making a total proposed dividend for the year of 21.0 pence (2006: 20.0 pence). A resolution to approve the payment of this dividend will be put to the shareholders at the Company's Annual General Meeting to be held on 22 April 2008. In accordance with IAS 10 'Events after the Balance Sheet Date' this proposed dividend has not been accrued in the Balance Sheet as it was not a liability at the Balance Sheet date.

9. Loans and advances to banks

At 31 December	Group		Company	
	2007 £m	2006 £m	2007 £m	2006 £m
Items in the course of collection from other banks	82.9	30.1	79.1	30.4
Amounts due from banks	2,309.2	3,271.3	1,822.8	2,383.1
Total	2,392.1	3,301.4	1,901.9	2,413.5