

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