

The
Prudential Assurance Company

LIMITED

(INCORPORATED IN ENGLAND.)

NINETIETH
ANNUAL REPORT

Year ending 31st December, 1938.



Directors :

SIR EDGAR HORNE, BART., *Chairman*
SIR GEORGE LEWIS BARSTOW, K.C.B., } *Deputy-Chairmen*
GUY PHILIP HARBEN, O.B.E., }
ARTHUR RHYS BARRAND, F.I.A. JOHN ROY LANCASTER
SIR NIGEL GEORGE DAVIDSON, C.B.E. HERBERT HARVEY MOSELEY,
ERNEST DEWEY B.C.L.
SIR LAURENCE NUNNS GUILLEMARD, LT.-COL. PERCY LESTER REID,
G.C.M.G., K.C.B. O.B.E.
MAJOR WILLIAM GUY HORNE SIR GEORGE STUART
ROBERTSON, K.C.

Joint Secretaries :

P. C. CRUMP, O.B.E., F.I.A. E. H. LEVER, F.I.A.

Assistant Secretaries :

G. GOODMAN, F.I.A. C. W. A. RAY, A.L.A.A.

Joint Actuaries :

C. C. H. DRAKE, F.I.A. W. J. FULFORD, F.I.A.

Assistant Actuaries :

W. E. HUSTWITT, F.I.A. C. G. MARSHALL, F.I.A.

Assistant Managers :

F. H. GARRAWAY, O.B.E., M.C. F. W. MORGAN, M.C.
H. S. LANE, M.C. H. H. REDMAN
F. D. McMILLAN A. H. WINDSOR, C.M.G.

Deputy General Managers :

E. J. W. BORRAJO, M.B.E., A.I.A. E. F. SPURGEON, F.I.A.

General Manager :

SIR JOSEPH BURN, K.B.E., F.I.A.



Chief Office : HOLBORN BARS, LONDON, E.C. 1.

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OFFICES IN THE UNITED KINGDOM

Chief Office : **HOLBORN BARS, LONDON, E.C. 1.**

City Office :—Lloyd's Building, Leadenhall Street, E.C. 3.

332-336, Holloway Road, N.7.
178, Finchley Road, N.W.3.
271 & 273, Whitechapel Road, E.1.
Central Park Rd., East Ham, E.6.
415, High Street, Stratford, E.15.
189, Hoe St., Walthamstow, E.17.
High Street, Lewisham, S.E.13.

30, Green's End, Woolwich, S.E.18.
362-6, North End Road, Fulham, S.W.6.
12 & 13, South Side, Clapham Common, S.W.4.
4 & 5, Station Parade, Balham, S.W.12.
25 & 27, Oxford Street, W.1.
28, New Broadway, Ealing, W.5.
46, High Road, Chiswick, W.4.
101, Ladbroke Grove, W.11.

Aberdeen	Carlisle	Grimsby	Middlesbrough	Southport
Abertillery	Chatham	Guildford	Motherwell	South Shields
Accrington	Chelmsford	Hallifax	Neath	Stafford
Altrincham	Chesterham	Hamilton	Nelson	Stirling
Arbroath	Chester	Hanley	Newbury	Stockport
Ashton-under-Lyne	Chesterfield	Harrogate	Newcastle-on-Tyne	Stockton-on-Tees
Ayr	Coatbridge	Hastings	Newport, Mon.	Stoke-on-Trent
Banbury	Colchester	Haverfordwest	Newton Abbot	Sunderland
Barnsley	Colwyn Bay	Hawick	Northampton	Sutton
Barnstaple	Consett	Hereford	North Shields	Swansea
Barrow	Coventry	Hertford	Norwich	Swindon
Bath	Crewe	High Wycombe	Nottingham	Tamworth
Bathgate	Croydon	Huddersfield	Oldham	Taunton
Batley	Darlington	Hull	Oswestry	Tonbridge
Bedford	Derby	Inverness	Oxford	Ton Pentre, Glam.
Belfast	Dewsbury	Ipswich	Paisley	Torquay
Birkenhead	Doncaster	Keighley	Perth	Truro
Birmingham	Douglas (I. of M.)	Kendal	Peterborough	Tunbridge Wells
Bishop Auckland	Dover	Kettering	Plymouth	Wakefield
Blackburn	Dumbarton	Kilmarnock	Pontypridd	Wallasey
Blackpool	Dumfries	Kirkcaldy	Portsmouth	Walsall
Blaydon-on-Tyne	Dundee	Lancaster	Preston	Warrington
Blyth	Dunfermline	Leamington	Pudsey	Watford
Bolton	Durham	Leeds	Reading	Wednesbury
Boston	Eastbourne	Leicester	Redhill	West Bromwich
Bournemouth	Edinburgh	Leigh, Lancs.	Rochdale	West Hartlepool
Bradford	Ely	Lewes	Rotherham	Weston-super-Mare
Brighouse	Enfield	Lichfield	Rugby	Weymouth
Brighton	Exeter	Lincoln	Ryde	Wigan
Bristol	Falkirk	Liverpool	St. Helens	Winchester
Bristol North	Folkestone	Llanely	Salisbury	Wolverhampton
Bromley, Kent	Garston	Long Eaton	Scarborough	Worcester
Burnley	Gateshead	Loughborough	Seaham Harbour	Workington
Bury	Glasgow	Luton	Selby	Worksop
Bury St. Edmunds	Gloucester	Macclesfield	Sheffield	Worthing
Caernarvon	Gorton	Maidstone	Shipley	Wrexham
Caerphilly	Gravesend	Manchester	Shrewsbury	York
Cambridge	Grays	Mansfield	Sittingbourne	
Canterbury	Great Yarmouth	Margate	Southampton	
Cardiff	Greenock	Merthyr Tydfil	Southend-on-Sea	

HEAD OFFICES OVERSEAS :

AUSTRALIA AND NEW ZEALAND : Herald Building, 66, Pitt Street, Sydney, N.S.W.

As from 1st June, 1939, Prudential Building, Martin Place, Sydney, N.S.W.

CANADA : Lewis Building, 465, St. John Street, Montreal.

INDIA, BURMA AND CEYLON : Clive Buildings, Calcutta.

MALAYA : 16, 17 & 18, Mercantile Bank Building, Singapore.

NEAR EAST : 14, Sharia Soliman Pasha, Cairo.

SOUTH AFRICA, THE RHODESIAS, NYASALAND, AND EAST AFRICA :

Prudential Assurance Building, 90 & 92, Fox Street, Johannesburg.

In addition the Company has Branch Offices or Agencies in the following countries and states :—

Argentina	Eire	Nyasaland
Australia	Finland	Palestine
Brazil	France	Philippine Islands
Belgium	Germany	Poland
Burma	Greece	Portugal
Canada	Holland	South Africa
Ceylon	India	Southern Rhodesia
China	Kenya	Sudan
Colombia	Malaya	Sweden
Cuba	Malta	Tanganyika
Cyprus	Newfoundland	Trinidad
Denmark	New Zealand	Uganda
Dutch East Indies	Northern Rhodesia	U.S.A.
Egypt	Norway	

THE
PRUDENTIAL ASSURANCE COMPANY
LIMITED

NINETIETH ANNUAL REPORT

Year ending 31st December, 1938.

THE DIRECTORS have the honour to submit their Report and Accounts for 1938.

The Assets of the Company amount to **£346,139,159** as compared with **£330,415,840** at 31st December, 1937.

The Income from all sources during 1938 was **£56,222,018** as compared with **£54,635,180** in 1937.

ORDINARY BRANCH.

The number of life assurance policies issued during the year was **93,910**, assuring the sum of **£31,762,732**, and producing an annual premium income of **£1,358,057**.

The number of life assurance policies in force on 31st December, 1938, was **1,043,285**, assuring with bonus **£280,902,295** and producing an annual premium income of **£12,957,608**.

The immediate annuities payable were **13,222** in number, and amounted to **£984,153** per annum. In addition there were **93,073** deferred and contingent annuities, securing **£1,730,183** per annum and producing an annual premium income of **£911,967**.

The total amount received for premiums and consideration for annuities granted was **£14,994,410**. The total claims for the year amounted to **£11,175,519**. There were **9,871** death claims for sums assured, including bonuses, of **£2,536,353** and **43,819** matured endowment assurances for sums assured, including bonuses, of **£8,639,166**.

The surplus is **£3,777,350**, including the sum of **£639,297** brought forward from last year, and has been allocated as follows:—

	£
To bonus to participating policyholders	2,809,489
To dividend to holders of A shares	296,565
To Special contingency fund	15,600
To be carried forward	655,696

The Directors have declared that, as regards each participating policy issued out of the Ordinary branch which was in force on 31st December, 1938 (including participating policies issued by Overseas branches), there shall, as at 31st December, 1938 (or at a later date if the policy so provides), be added to the original participating sum assured (or otherwise applied as provided in the policy) a reversionary bonus of

- (1) **£2 6s.** per cent. if a Whole Life Assurance.
- (2) **£2 0s.** per cent. if an Endowment Assurance.

INDUSTRIAL BRANCH.

The number of policies issued during the year was 2,535,990 assuring a sum of £69,720,282.

The number of policies becoming free policies during the year was 482,263. The number of free policies which became claims was 368,469.

The total number of policies in force at the end of the year including 4,704,509 free policies was 28,316,856, under which the maximum sum assured together with declared bonus was £597,736,787, producing an annual premium income of £23,949,552. The average duration of the whole life premium paying policies in force exceeds 18 years.

The premiums received during the year were £23,115,486, being an increase of £818,790 over those for 1937. The sum of £13,163,677, which includes £2,297,289 by way of bonus, was paid during the year under 1,240,150 policies in respect of death claims, matured endowments and surrenders. The number of endowment assurance policies which matured was 96,955.

The surplus is £6,739,395, including the sum of £642,533 brought forward from last year, and has been allocated as follows:—

	£
To bonus to participating policyholders	4,131,392
To dividend to holders of A shares	901,352
To bonus to members of outdoor staff	738,542
To Special contingency fund	303,000
To be carried forward	665,109

Since the initiation of the profit sharing scheme, the total cash amount which has been allotted for provision of bonuses to the Industrial branch policyholders is £55,529,319.

The expense ratio in this branch has again been reduced and is 22.61 per cent. of the premiums received during the year.

The Directors have declared that in respect of all participating policies (except those in Eire) issued by the Prudential out of the Industrial branch on which premiums were being paid on 31st December, 1938, there shall be added to the original sum assured a reversionary bonus at the following rate:—

£1 12s. per cent.

- (1) in respect of policies issued before 1938.
- (2) in respect of policies issued in 1938 on completion of payment of one year's premiums.

The Directors have declared that in respect of all participating policies in Eire issued by the Prudential out of the Industrial branch on and after 1st January, 1923, on which premiums were being paid on 31st December, 1938, there shall be added to the original sum assured a reversionary bonus at the following rate:—

£1 per cent.

- (1) in respect of policies issued before 1938.
- (2) in respect of policies issued in 1938 on completion of payment of one year's premiums.

In the case of policies in Eire issued by the Prudential out of the Industrial branch before 1st January, 1923, on which premiums are being paid on 9th March, 1939, and which are entitled to participate under the Bonus Distribution Scheme, becoming claims by death or maturity of endowment between 10th March, 1939, and 14th March, 1940, both dates inclusive, there shall be paid as part of the claim a bonus addition to the sum otherwise payable as follows:—

Premiums paid for	Amount of claim increased by
Less than 35 years	£ 23 15 0 per cent.
35 years and less than 40 years	25 0 0 " "
40 " " " 45 "	30 0 0 " "
45 " " " 50 "	35 0 0 " "
50 " " " 55 "	40 0 0 " "
55 " " " 60 "	50 0 0 " "
60 " " " 65 "	60 0 0 " "
65 " " " 70 "	65 0 0 " "
70 " " upwards	70 0 0 " "

In the case of Whole Life Assurance and Endowment Assurance policies issued by the British Widows' Assurance Company Limited out of its Industrial branch, on which premiums are being paid on 9th March, 1939, and which terminate on becoming claims by death or maturity of Endowment between 10th March, 1939, and 14th March, 1940, both dates inclusive, provided 5 years' premiums have been paid, there shall be paid as part of the claim a bonus addition to the sum otherwise payable as follows:—

Premiums paid for	Amount of claim increased by
5 years and less than 10 years	£ 5 0 0 per cent.
10 " " " 15 "	7 10 0 " "
15 " " upwards	10 0 0 " "

GENERAL BRANCH.

The premiums received during the year, after deduction of the reinsurances, were £2,691,605, being an increase of £53,337 over those for 1937. These figures do not include the fire insurance business written by the Company's American subsidiary, The Prudential Insurance Company of Great Britain, located in New York.

The capital sum insured under sinking fund policies is £9,369,085 as compared with £9,613,291 in 1937, *i.e.*, a decrease of £244,206.

The Company undertake duties as trustees in respect of issues of debentures and debenture stocks, and as trustees and executors of estates. The total amount of such debentures, debenture stocks and estates at the end of the year exceeded £93,000,000.

The surplus is £531,355, including the sum of £213,605 brought forward from last year, and has been allocated as follows:—

	£
To General branch Investment reserve fund	75,000
To General branch additional reserve fund	33,849
To Profit and loss account for income tax and National defence contribution	50,000
To dividends to holders of A shares and B shares	133,333
To be carried forward	239,173

As a precautionary measure, a sum of £75,000 has been taken from the Investment reserve fund and applied to writing down investments in this branch. The sum transferred to the Investment reserve fund from the surplus replaces this amount.

The valuation of the contracts in all branches has been made by Mr. C. C. H. Drake, F.I.A., and Mr. W. J. Fulford, F.I.A., upon the bases stated in their valuation report.

The Directors have declared in respect of the profits of the year 1938 a final dividend on the A shares at the rate of 14s. 8½d. per share. This dividend, together with the interim dividend of 5s. per share paid in September, 1938, makes a total of 19s. 8½d. per A share for the year. The shareholders' profits from the Marine and Industrial branches provide 19s. 2d. of this dividend (of which 5s. has already been paid) and the remaining 6½d. is from the General branch profits. The Directors have also declared a dividend on the B shares out of the General branch profits at the rate of 2s. 0d. per share. The dividends now declared on both A and the B shares are payable free of income tax to the shareholders who are on the register on 9th March, 1939.

The retiring Directors are SIR GEORGE LEWIS BARSTOW, K.C.B., MAJOR WILLIAM GUY HORNE, MR. ARTHUR BARRAND, F.I.A., and SIR NIGEL GEORGE DAVIDSON, C.B.E., who offer themselves for re-election.

MR. HENRY ROGERS GRAY and MAJOR LAWRENCE WILFRED BIRD offer themselves for re-appointment as Auditors.

Messrs. DELOITTE, PLENDER, GRIFFITHS & Co. have examined the securities, and their certificate is appended to the balance sheet.

EDGAR HORNE,
Chairman.

LONDON BARS,
21st February, 1939.

REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

Miscellaneous Insurance Business.

		£	s.	d.			£	s.	d.		
Amount of miscellaneous insurance fund at the beginning of the year:—					Claims under policies paid and outstanding ..		154,803	1	0		
Reserve for unexpired risks	£146,730	0	0		Commission		64,180	2	10		
Less adjustment in exchange		959	0	0	Expenses of management		95,869	17	2		
					Transfer to Profit and loss account		53,488	17	4		
					Amount of miscellaneous insurance fund at the end of the year:—						
Premiums			145,771	0	0	Reserve for unexpired risks, being 40 per cent. of the premium income for the year	127,314	0	0		
Trustee and executor fees			318,285	19	1						
Interest and dividends	£11,766	2	22,210	18	5						
Less income tax		2,378	9,388	0	10						
			£495,655	18	4				£495,655	18	4

Sinking Fund Insurance Business.

		£	s.	d.			£	s.	d.		
Amount of sinking fund insurance fund at the beginning of the year ..	£3,711,908	0	0		Claims under policies paid and outstanding ..		217,218	0	0		
Less adjustment in exchange		17	0	0	Surrenders		2,655	11	7		
			3,711,891	0	0	Commission		429	13	9	
Premiums			111,473	16	8	Expenses of management		2,079	9	6	
Interest and dividends	£150,796	11	15,702	13	2	Transfer to Profit and loss account		15,702	13	2	
Less income tax		30,478	120,318	11	4	Amount of sinking fund insurance fund at the end of the year		3,705,598	0	0	
			£3,943,683	8	0				£3,943,683	8	0

Marine Insurance Business.

		£	s.	d.			£	s.	d.		
Amount of marine insurance fund at the beginning of the year			283,966	14	11	Claims under policies paid and outstanding ..		76,830	10	2	
Premiums, after deduction of reinsurances, commission, discounts, brokerages and returns	105,419	10	9,111	9	11	Expenses of management		9,111	9	11	
Interest and dividends	£12,012	19	4,025	9	0	Income tax		4,025	9	0	
Less income tax		2,427	571	0	0	National defence contribution		571	0	0	
			9,584	19	8	Transfer to Profit and loss account		30,000	0	0	
						Amount of marine insurance fund at the end of the year		278,432	16	1	
			£398,971	5	2				£398,971	5	2

COMMON CONTINGENCY FUND ACCOUNT

for the Year ending 31st December, 1938.

		£	s.	d.			£	s.	d.		
Amount of Common contingency fund at the beginning of the year			2,733,142	19	3	Amount of Common contingency fund at the end of the year			2,804,661	6	1
Interest and dividends	£94,677	16	71,518	6	10						
Less income tax		23,159									
			£2,804,661	6	1				£2,804,661	6	1

SPECIAL CONTINGENCY FUND ACCOUNT

for the Year ending 31st December, 1938.

	£	s.	d.		£	s.	d.
Amount of Special contingency fund at the beginning of the year	4,630,113	5	9	Amount of Special contingency fund at the end of the year	5,074,774	13	2
Interest and dividends	£169,641	14	9				
Less income tax	43,580	7	4				
	126,061	7	5				
Transfer from Ordinary branch Revenue account	15,600	0	0				
Transfer from Industrial branch Revenue account	303,000	0	0				
	£5,074,774	13	2		£5,074,774	13	2

SHARE PREMIUM ACCOUNT

for the Year ending 31st December, 1938.

	£	s.	d.		£	s.	d.
Balance of Premium brought forward at the beginning of the year	372,647	10	3	Expenses relating to extension of business abroad	60,000	8	7
Interest and dividends	£14,820	16	1	Balance of Premium at the end of the year	322,814	16	6
Less income tax	4,653	1	3				
	10,167	14	10				
	£382,815	5	1		£382,815	5	1

PROFIT AND LOSS ACCOUNT

for the Year ending 31st December, 1938.

	£	s.	d.		£	s.	d.
Balance from last year's account :—				Final dividend to holders of A shares in respect of 1937	903,125	0	0
Ordinary branch	212,022	6	4	Dividend to holders of B shares in respect of 1937	100,000	0	0
Industrial branch	657,769	7	0	Loss on securities realised (General branch) ..	10,187	17	5
General branch	346,937	16	6	Interim dividend to holders of A shares in respect of 1938	312,500	0	0
Transfer from Ordinary branch Revenue account	296,565	0	0	Income tax (General branch)	32,000	0	0
Transfer from Industrial branch Revenue account	901,351	13	4	National defence contribution (General branch)	18,000	0	0
Transfer from General branch Revenue accounts :—				Transfer to Investment reserve fund (General branch)	75,000	0	0
Fire insurance	88,120	10	1	Transfer to General branch additional reserve fund	33,849	0	0
Sickness and accident insurance	62,749	4	2	Balances carried to :—			
Employers' liability insurance	19,690	13	5	(a) Ordinary branch			
Motor vehicle insurance	3,853	0	6	Balance sheet	£219,200	4	4
Miscellaneous insurance	53,488	17	4	Industrial branch			
Sinking fund insurance	15,702	13	2	Balance sheet	666,216	9	0
Marine insurance	30,000	0	0		885,416	13	4
Rest of the General branch				being allocation of balance of profits for 1938 to holders of A shares.			
Not carried to other accounts	£68,097	5	9	(b) General branch Balance sheet, being allocation of profits for 1938 :—			
Less income tax	13,763	7	7	to holders of A shares	£ 33,333	6	8
	54,333	18	2	to holders of B shares	100,000	0	0
					133,333	6	8
				and amount carried forward	239,173	2	7
					372,506	9	3
				after transferring—			
				£318,600 0 0 to Special contingency fund,			
				allocating—			
				£738,542 10 5 to or on behalf of members of the Company's outdoor staff,			
				and reserving for bonus—			
				£2,809,489 0 0 to policyholders, Ordinary branch,			
				and			
				£4,131,392 2 6 to policyholders, Industrial branch.			
	£2,742,585	0	0		£2,742,585	0	0

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THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

LIABILITIES.	Ordinary Branch.		Industrial Branch.		General Branch.		Common Contingency Fund.		Special Contingency Fund.		Share Premium Account.		Total.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Authorized capital:—														
1,250,000 A shares of £1 each ..	£1,250,000													
1,000,000 B shares of £1 each ..	1,000,000													
	<u>£2,250,000</u>													
Issued capital:—														
1,250,000 A shares of £1 each, fully paid ..	£1,250,000	0 0	1,250,000	0 0	—	—	—	—	—	—	—	—	1,250,000	0 0
1,000,000 B shares of £1 each, 4s. paid ..	200,000	0 0	—	—	200,000	0 0	—	—	—	—	—	—	200,000	0 0
Share premium account ..	—	—	—	—	—	—	—	—	—	—	322,814	16 6	—	322,814
Life assurance fund—Ordinary branch ..	123,896,871	5 9	—	—	—	—	—	—	—	—	—	—	123,896,871	5 9
Industrial assurance fund ..	—	—	196,917,347	6 9	—	—	—	—	—	—	—	—	196,917,347	6 9
General branch insurance funds:—														
Fire insurance fund ..	—	—	—	—	397,837	0 0	—	—	—	—	—	—	—	—
Sickness and accident insurance fund ..	—	—	—	—	231,470	0 0	—	—	—	—	—	—	—	—
Employers' liability insurance fund ..	—	—	—	—	150,896	0 0	—	—	—	—	—	—	—	—
Motor vehicle insurance fund ..	—	—	—	—	324,358	0 0	—	—	—	—	—	—	—	—
Miscellaneous insurance fund ..	—	—	—	—	127,314	0 0	—	—	—	—	—	—	—	—
Sinking fund insurance fund ..	—	—	—	—	3,705,598	0 0	—	—	—	—	—	—	—	—
Marine insurance fund ..	—	—	—	—	278,432	16 1	—	—	—	—	—	—	—	—
Additional reserve fund ..	—	—	—	—	1,177,225	0 0	—	—	—	—	—	—	—	—
Total ..	—	—	—	—	—	—	—	—	—	—	—	—	6,393,130	16 1
Investment reserve funds ..	2,500,000	0 0	2,500,000	0 0	100,000	0 0	—	—	—	—	—	—	5,100,000	0 0
Common contingency fund ..	—	—	—	—	—	—	2,804,661	6 1	—	—	—	—	2,804,661	6 1
Special contingency fund ..	—	—	—	—	—	—	—	—	5,074,774	13 2	—	—	5,074,774	13 2
Claims admitted or intimated but not paid, less amounts recoverable under reinsurances:—														
Life assurance ..	636,082	5 2	148,617	4 4	—	—	—	—	—	—	—	—	784,699	9 6
Fire insurance ..	—	—	—	—	143,287	6 6	—	—	—	—	—	—	143,287	6 6
Motor vehicle insurance ..	—	—	—	—	463,792	0 0	—	—	—	—	—	—	463,792	0 0
Miscellaneous insurance ..	—	—	—	—	113,066	0 0	—	—	—	—	—	—	113,066	0 0
Sinking Fund ..	—	—	—	—	1,416	0 0	—	—	—	—	—	—	1,416	0 0
Annuities due and unpaid ..	7,416	3 10	—	—	—	—	—	—	—	—	—	—	7,416	3 10
Outstanding commission and expenses ..	110,551	3 11	100,000	0 0	15,000	0 0	—	—	—	—	—	—	225,551	3 11
Premiums received in advance ..	19,644	11 9	—	—	4	17 11	—	—	—	—	—	—	19,649	9 8
Amounts due to other companies on reinsurance account:—														
General branch:—														
Fire insurance ..	—	—	—	—	118,146	4 7	—	—	—	—	—	—	—	—
Sickness and accident insurance ..	—	—	—	—	645	13 7	—	—	—	—	—	—	—	—
Motor vehicle insurance ..	—	—	—	—	163	2 0	—	—	—	—	—	—	—	—
Miscellaneous insurance ..	—	—	—	—	8,358	5 3	—	—	—	—	—	—	—	—
Marine insurance ..	—	—	—	—	9,578	18 2	—	—	—	—	—	—	—	—
Total ..	—	—	—	—	—	—	—	—	—	—	—	—	136,892	3 7
Amounts due to subsidiary companies ..	—	—	100	0 0	32,683	0 8	—	—	—	—	—	—	32,783	0 8
Deposit as security for return of investments lent ..	23,950	0 0	21,350	0 0	—	—	—	—	—	—	—	—	45,300	0 0
Sundry creditors ..	37,814	13 6	1,211	10 7	2,594	15 2	—	—	—	—	—	—	41,620	19 3
Reserve for income tax ..	19,531	19 2	—	—	57,631	5 0	41	5 0	1,889	16 0	1,925	0 0	81,019	5 3
Reserve for National defence contribution ..	6,308	17 0	30,000	0 0	21,767	10 0	—	—	—	—	—	—	58,074	7 0
Loans on policies within their surrender values, due to reinsurance companies ..	12,340	0 0	—	—	—	—	—	—	—	—	—	—	12,340	0 0
Bonus allocation to members of Company's outdoor staff ..	£738,542	10 5	—	—	—	—	—	—	—	—	—	—	—	—
Add balance brought forward ..	15,978	3 4	—	—	—	—	—	—	—	—	—	—	—	—
Unclaimed dividends ..	—	—	754,520	13 9	—	—	—	—	—	—	—	—	754,520	13 9
Balance standing to credit of Profit and loss account	219,200	4 4	666,216	9 0	372,506	9 3	—	—	—	—	—	—	1,257,923	2 7
NOTES.														
Instalments not due until after 31st December, 1938, on investments held ..	£1,119,501													
Investments bought for settlement after 31st December, 1938 ..	£736,955													
Uncalled capital on investments held ..	£1,709,529													
Contingent liability on shares, etc.	£2,752,680													
Amounts of Life assets compulsorily deposited abroad—investments (at market value or under), mortgages, property and cash:—														
Australia ..	£47,500													
Canada ..	£860,900													
New Zealand ..	£46,500													
Northern Rhodesia ..	£9,800													
Palestine ..	£980													
Poland ..	£262,000													
South Africa ..	£10,000													
Southern Rhodesia ..	£4,900													
	127,489,709	4 5	202,389,484	3 6	8,053,859	1 8	2,804,702	11 1	5,076,664	9 2	324,739	16 6	346,139,159	6 4

A Shares—This capital is liable in respect of contracts in all branches of the Company's business, but is included in the Industrial branch accounts pursuant to sec. 3 of The Prudential Assurance Company Act, 1875.

Common contingency fund—In accordance with clause 132 (b) of the Articles of Association this fund may be applied to any one or more branches, as determined by the Directors.

The values of the assets are determined, under the Articles of Association of the Company, by the Directors. The aggregate value of the Stock Exchange securities in each Branch, taken at middle market prices as at 31st December, 1938, exceeded the book value stated above. We certify that in our belief the assets set forth in the Balance Sheet are, in the aggregate, fully of the value stated therein.

The gross amount of the Directors' remuneration for the year (including fees from a subsidiary company) was £53,028 13s. 0d.

Specific deposits of life assurance assets, Ordinary branch, have been made with various Dominion, Colonial and Foreign Governments under local laws as security to holders of policies issued, as set out above, and part of the assets (investments and cash) of the General branch has been deposited under local laws in places out of the United Kingdom on account of fire, casualty and marine insurance business.

No part of any fund has been applied directly or indirectly for any purposes other than those of the class of business to which the fund is applicable.

J. BURN, { General
Manager.

C. C. H. DRAKE, } Joint
W. J. FULFORD, } Actuaries.

P. C. CRUMP, } Joint
E. H. LEVER, } Secretaries.

We report that we have examined the foregoing accounts and have obtained all the information and explanations that we have required and in our opinion such accounts are correct and the foregoing Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

No part of any fund has been applied directly or indirectly for any purposes other than those of the class of business to which the fund is applicable.

We have investigated the methods of calculating and apportioning the expenses of management and the accounts thereof and in our opinion the accounts show a fair and equitable apportionment of the expenses between the Industrial and other branches of the Company's business.

H. R. GRAY, }
L. W. BIRD, } Auditors.

BALANCE SHEET on the 31st December, 1938.

ASSETS.	Ordinary Branch.		Industrial Branch.		General Branch.		Common Contingency Fund.		Special Contingency Fund.		Share Premium Account.		Total.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Mortgages on property within the United Kingdom	8,511,254	18 8	2,709,725	5 0	—	—	—	—	—	—	—	—	11,220,980	3 8
Mortgages on property within Eire	12,222	2 6	—	—	—	—	—	—	—	—	—	—	12,222	2 6
Mortgages on property out of the United Kingdom	3,195,408	2 4	1,892,003	18 5	12,000	0 0	—	—	—	—	—	—	5,099,412	0 9
Loans without specific security within the United Kingdom	370	10 9	70,000	0 0	—	—	—	—	—	—	—	—	70,370	10 9
Loans without specific security out of the United Kingdom	532,456	7 11	225,000	0 0	—	—	—	—	—	—	—	—	757,456	7 11
Loans on parochial and other public rates	1,210,882	19 4	7,447,897	13 8	—	—	—	—	—	—	—	—	8,658,780	13 0
Loans on Life interests	59,641	7 6	—	—	—	—	—	—	—	—	—	—	59,641	7 6
Loans on Reversions	1,454	14 8	—	—	—	—	—	—	—	—	—	—	1,454	14 8
Loans on Stocks and shares	4,880,794	3 7	8,219,371	5 0	—	—	—	—	—	—	—	—	13,100,165	8 7
Loans on Company's policies within their surrender values	4,866,106	11 8	—	—	—	—	—	—	—	—	—	—	4,866,106	11 8
Loans to Educational institutions secured on income	55	12 1	—	—	—	—	—	—	—	—	—	—	55	12 1
Loans to subsidiary companies	803,420	3 6	2,213,042	10 2	—	—	—	—	—	—	—	—	3,016,462	13 8
Investments:—														
Deposits with the High Court:—														
£17,122 14s. 3¼% War Stock	16,043	19 11	—	—	—	—	—	—	—	—	—	—	16,043	19 11
£20,000 3¼% War Stock	—	—	19,956	16 8	—	—	—	—	—	—	—	—	19,956	16 8
£22,000 3¼% War Stock	—	—	—	—	21,400	0 0	—	—	—	—	—	—	21,400	0 0
£22,000 3% Local Loans Stock	—	—	—	—	19,000	0 0	—	—	—	—	—	—	19,000	0 0
Deposits with the Supreme Court of Judicature in Eire:—														
£20,000 3¼% War Stock	19,956	16 8	—	—	—	—	—	—	—	—	—	—	19,956	16 8
£20,000 3¼% War Stock	—	—	—	—	19,500	0 0	—	—	—	—	—	—	19,500	0 0
British Government securities	34,022,861	7 8	52,859,464	10 0	1,378,332	19 2	2,211,267	5 9	3,141,053	1 0	301,853	17 6	94,514,833	1 1
Securities issued under the Trade Facilities Acts and Railway (Agreement) Act, 1935	1,763,200	0 0	3,722,915	8 8	206,387	10 0	—	—	—	—	—	—	5,692,502	13 8
Debentures in subsidiary companies issued under the Trade Facilities Acts	—	—	400,000	0 0	—	—	—	—	—	—	—	—	400,000	0 0
Bank of England stock	330,000	0 0	163,084	7 5	—	—	—	—	—	—	—	—	493,084	7 5
Municipal and county securities, United Kingdom	2,094,574	11 0	3,842,937	16 8	810,565	11 10	136,517	1 2	344,453	9 10	—	—	7,229,048	10 6
Public Board securities	1,807,286	2 11	3,396,429	2 0	236,721	2 6	121,600	0 0	44,000	0 0	—	—	5,707,036	7 5
Dominion, Indian and Colonial Government securities	3,712,533	12 10	4,355,110	16 2	600,018	17 5	123,000	0 0	378,938	8 9	—	—	9,169,599	15 2
Dominion provincial securities	316,882	4 10	290,240	7 8	—	—	—	—	115,000	0 0	—	—	722,122	12 6
Dominion, Indian and Colonial municipal securities	1,270,556	10 11	1,244,796	14 5	—	—	—	—	19,366	5 0	3,500	0 0	2,538,219	10 4
Foreign Government securities	3,961,980	18 6	4,067,022	19 6	350,144	1 5	—	—	—	—	—	—	8,379,147	17 5
Foreign provincial securities	195,135	16 8	274,277	6 1	8,800	0 0	—	—	—	—	—	—	478,213	2 9
Foreign municipal securities	590,370	15 9	646,632	9 11	96,876	9 11	—	—	—	—	—	—	1,333,879	15 7
Railway and other debentures and debenture stocks and gold and sterling bonds—Home and Foreign	17,520,346	5 5	32,125,557	9 8	1,461,751	9 7	110,476	0 9	140,205	3 9	—	—	51,358,336	8 9
Debentures and debenture stock in subsidiary companies	175,000	0 0	500,000	0 0	—	—	—	—	—	—	—	—	675,000	0 0
Railway and other preference and guaranteed stocks and shares	11,636,393	1 1	18,281,139	6 7	467,234	1 7	—	—	43,000	0 0	—	—	30,427,766	9 3
Preference shares in subsidiary companies	70,698	0 0	205,339	13 11	—	—	—	—	—	—	—	—	276,037	13 11
Railway and other ordinary stocks and shares	16,319,856	3 6	23,552,617	13 9	167,642	12 2	—	—	—	—	—	—	40,040,116	9 5
Ordinary shares in subsidiary companies	508,930	12 0	358,266	14 2	697,009	0 0	—	—	—	—	—	—	1,564,205	6 2
Rent charges	67,639	12 10	—	—	—	—	—	—	—	—	—	—	67,639	12 10
Freehold ground rents and Scotch feu duties	—	—	7,609,991	9 4	—	—	—	—	—	—	—	—	7,609,991	9 4
Leasehold ground rents	—	—	3,406	10 11	—	—	—	—	—	—	—	—	3,406	10 11
House property:—														
Office premises (at cost, less amounts written off)	—	—	3,508,198	2 9	—	—	—	—	—	—	—	—	3,508,198	2 9
Properties within the United Kingdom	2,117,813	3 4	12,192,779	5 7	—	—	—	—	—	—	—	—	14,310,592	8 11
Properties out of the United Kingdom	837,602	6 5	9,719	11 10	—	—	—	—	—	—	—	—	847,321	18 3
Life interests	35,429	4 1	—	—	—	—	—	—	—	—	—	—	35,429	4 1
Reversions	100,206	17 6	—	—	—	—	—	—	—	—	—	—	100,206	17 6
Deposits at interest at home and abroad	609,502	9 9	800,000	0 0	—	—	—	—	—	—	—	—	1,409,502	9 9
Agents' balances	—	—	—	—	297,009	16 6	—	—	—	—	—	—	297,009	16 6
Outstanding premiums	485,749	11 9	281,737	15 1	55,128	15 11	—	—	—	—	—	—	822,616	2 9
Outstanding interest, dividends and rents	247,242	2 9	178,203	1 6	—	—	—	—	—	—	—	—	425,445	4 3
Interest, dividends and rents accrued but not payable	516,847	19 0	716,801	13 11	—	—	—	—	—	—	—	—	1,233,649	12 11
Amounts retained at home and abroad by ceding companies under reinsurance treaties and sums due on reinsurance account	—	—	—	—	197,991	16 8	—	—	—	—	—	—	197,991	16 8
Amounts due from subsidiary companies	27,304	17 7	24,808	11 5	42,970	12 4	—	—	—	—	—	—	95,084	1 4
Sundry debtors	3,386	6 5	3,515	10 4	506	16 1	—	—	—	—	—	—	7,408	12 10
Bills receivable	45,000	0 0	34,275	0 0	—	—	—	—	—	—	—	—	79,275	0 0
Marine stamps	—	—	—	—	297	1 3	—	—	—	—	—	—	297	1 3
Cash:—														
On deposit:—														
In the United Kingdom	1,000,000	0 0	2,230,000	0 0	—	—	—	—	—	—	—	—	3,230,000	0 0
Abroad	314,333	18 10	—	—	50,002	16 11	—	—	—	—	—	—	364,336	15 9
In hand and on current account:—														
In the United Kingdom	193,718	19 8	1,699,604	19 10	225,266	1 0	100,842	3 5	850,650	0 10	19,385	19 0	3,089,468	3 9
Abroad	381,257	2 4	13,607	10 11	31,301	9 5	—	—	—	—	—	—	426,166	2 8
	127,489,709	4 5	202,389,484	3 6	8,053,859	1 8	2,804,702	11 1	5,076,664	9 2	324,739	16 6	346,139,159	6 4

Life, casualty and sinking fund revenue account transactions in Dominion or foreign currencies have been brought in at the rates of exchange ruling on the 31st December, 1938, with the exception of interest received at or paid by the Company's chief office which has been brought in at the rates ruling on the dates of the respective transactions; the adjustment in exchange item appearing in certain revenue accounts is the difference between the sterling equivalents at the beginning and the end of the year of the insurance fund brought forward at the beginning of the year. Fire and marine revenue account transactions in Dominion or foreign currencies have been brought in at rates of exchange approximating to those current at the dates of the respective transactions. Future variations in the rates of exchange are covered by (a) currency assets maintained so far as practicable to the extent of the corresponding liabilities and (b) reserve and contingency funds.

The profits or losses shown in the accounts of subsidiary companies made up to a date within the year ended 31st December, 1938, or in the last previous accounts which became available within that year have been dealt with as follows:—
 (a) profits are included in this Company's revenue accounts to the extent of the dividends received. The Auditors' report on the balance sheet of one company states that it is subject to the accuracy of the valuation of certain assets by the Directors.
 (b) the loss of one company (whose accounting year ended 31st December, 1937) has been provided for in the accounts of The Prudential Assurance Company Limited.

GEORGE L. BARSTOW,
 G. P. HARBEN,
 G. S. ROBERTSON, } Directors.

EDGAR HORNE, Chairman.

We have examined the receipts and payments at Chief Office relating to the capital transactions in respect of the mortgages, loans and investments for the year ended 31st December, 1938. We have also examined the deeds, stock and share certificates and bonds in possession of the Company, and have verified by certificates of Bankers or other Depositories the securities in their custody and by certificates of Brokers for securities purchased but not delivered, the Chief Office and District Offices cash in Banks has been verified by certificates from Bankers, and together with the investments, loans and cash appearing in the certified balance sheets received from overseas branches represent the mortgages, loans, investments and cash set out in the above Balance Sheet as at 31st December, 1938.

P00021998
 DELOITTE, PLENDER, GRIFFITHS
 Chartered
 5, London Wall Buildings, London. E.C.2.

21st February, 1939.

PRUDENTIAL
ASSURANCE COMPANY
LIMITED
(INCORPORATED IN ENGLAND.)
HOLBORN BARS, LONDON, E.C.1.



Directors' Report
and
Statement of Accounts
at 31st December, 1938

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Shareholders of this Company will be held at 142, HOLBORN BARS, LONDON, E.C.1, on THURSDAY, the 9th day of March, 1939, at Two o'clock in the afternoon precisely, for receiving the Report of the Directors, for electing Directors and Auditors for the ensuing year, and for transacting such other business as may be contemplated by the Articles of Association of the Company.

By order of the Board of Directors,

P. C. CRUMP,
E. H. LEVER,

Joint Secretaries.

1st March, 1939.

N.B.—The attention of those Shareholders concerned is drawn to the following Extract from the Memorandum and Articles of Association of the Company:—

67. A holder of less than 250 B Shares shall not in respect of those shares be entitled to receive notice of or to attend or vote at any meeting of the Company.