

The Prudential Assurance Company

LIMITED
(INCORPORATED IN ENGLAND.)

NINETY-FIRST ANNUAL REPORT

Year ending 31st December, 1939.



Directors :

SIR EDGAR HORNE, BART., *Chairman*
SIR GEORGE LEWIS BARSTOW, K.C.B.,
GUY PHILIP HARBEN, O.B.E., } *Deputy-Chairmen*
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.
WING-COMMANDER WILLIAM SIR GEORGE STUART
GUY HORNE 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. F. GARDNER, F.I.A. W. E. HUSTWITT, F.I.A.

C. G. MARSHALL, F.I.A.

Assistant Managers :

F. H. GARRAWAY, O.B.E., M.C. C. G. IZARD
H. S. LANE, M.C. H. H. REDMAN

A. H. WINDSOR, C.M.G.

Deputy General Managers :

E. J. W. BORRAJO, M.B.E., A.I.A. F. W. MORGAN, M.C.
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. P00022037

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

HEAD OFFICES OVERSEAS :

AUSTRALIA AND NEW ZEALAND : Prudential Building, 39-49, 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 :—

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

**THE
PRUDENTIAL ASSURANCE COMPANY
LIMITED**

NINETY-FIRST ANNUAL REPORT

Year ending 31st December, 1939.

THE DIRECTORS have the honour to submit their Report and Accounts for 1939.

The **Assets** of the Company amount to **£354,455,855** as compared with **£346,139,159** at 31st December, 1938.

The **Income** from all sources during 1939 was **£56,254,060** as compared with **£56,222,018** in 1938.

ORDINARY BRANCH.

The number of life assurance policies issued during the year was **82,630**, assuring the sum of **£27,130,296**, and producing an annual premium income of **£1,171,037**.

The number of life assurance policies in force on 31st December, 1939, was **1,026,583**, assuring with bonus **£287,289,419** and producing an annual premium income of **£12,892,089**.

The immediate annuities payable were **13,824** in number, and amounted to **£1,022,684** per annum. In addition there were **104,118** deferred and contingent annuities, securing **£2,025,491** per annum and producing an annual premium income of **£1,044,461**.

The total amount received for premiums and consideration for annuities granted was **£14,771,580**. The total claims for the year amounted to **£13,689,763**. There were **9,765** death claims for sums assured, including bonuses, of **£2,699,866** and **55,754** matured endowment assurances for sums assured, including bonuses, of **£10,989,897**.

The surplus is **£3,575,027**, including the sum of **£655,696** brought forward from last year, and has been allocated as follows:—

	£
To Investment reserve fund	600,000
To bonus to participating policyholders	2,098,485
To dividend to holders of A shares	233,165
To be carried forward	643,377

A sum of **£600,000** 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 Directors have declared that, as regards each participating policy issued out of the Ordinary branch (including participating policies issued by Overseas branches other than the Canadian Branch) which was in force on 31st December, 1939, there shall, as at 31st December, 1939, be added to the original participating sum assured a reversionary bonus of

- (1) **£1 14s.** per cent. if a Whole Life Assurance.
- (2) **£1 10s.** per cent. if an Endowment Assurance.

As regards Canadian policies, the rates of bonus are the same, but different dates apply.

INDUSTRIAL BRANCH.

The number of policies issued during the year was **2,387,308** assuring a sum of **£67,307,774**.

The number of policies becoming free policies during the year was **435,458**. The number of free policies which became claims was **316,698**.

The total number of policies in force at the end of the year including **4,823,269** free policies was **28,333,412**, under which the maximum sum assured together with declared bonus was **£606,491,620**, producing an annual premium income of **£24,141,854**. The average duration of the whole life premium paying policies in force exceeds 19 years.

The premiums received during the year were **£23,810,034**, being an increase of **£694,548** over those for 1938. The sum of **£15,134,761**, which includes **£2,714,944** by way of bonus, was paid during the year under **1,164,350** policies in respect of death claims, matured endowments and surrenders. The number of endowment assurance policies which matured was **143,192**.

The Industrial Assurance business in Eire was transferred on 22nd September, 1939, to the Industrial and Life Assurance Amalgamation Co. Ltd. and the appropriate item in connection therewith appears in the revenue account.

The surplus is **£6,627,654**, including the sum of **£665,109** brought forward from last year, and has been allocated as follows:—

	£
To Investment reserve fund	850,000
To bonus to participating policyholders	3,525,231
To dividend to holders of A shares	784,443
To bonus to members of outdoor staff	643,705
To be carried forward	824,275

A sum of **£600,000** 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 and increases the amount of the Investment reserve fund by **£250,000**.

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 **£59,054,550**.

The expense ratio in this branch has again been reduced and is **22.46** per cent. of the premiums received during the year.

The Directors have declared that in respect of all participating policies issued by the Prudential out of the Industrial branch on which premiums were being paid in Great Britain and Northern Ireland on 31st December, 1939, there shall be added to the original sum assured a reversionary bonus at the following rate:—

£1 4s. per cent.

- (1) in respect of policies issued before 1939,
- (2) in respect of policies issued in 1939 on completion of payment of one year's premiums.

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 14th March, 1940, and which terminate on becoming claims by death or maturity of Endowment between 15th March, 1940, and 3rd April, 1941, 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	£ s. d. 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 **£2,620,959**, being a decrease of **£70,646** in comparison with those for 1938. 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 **£8,772,570** as compared with **£9,369,085** in 1938, *i.e.*, a decrease of **£596,515**.

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 **£98,500,000**.

The surplus is **£568,082**, including the sum of **£239,173** brought forward from last year, and has been allocated as follows :—

	£
To Investment reserve fund	125,000
To Additional reserve fund	22,775
To Profit and loss account for income tax and National defence contribution	60,000
To dividends to holders of A shares and B shares	133,333
To be carried forward	226,974

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 1939 a final dividend on the A shares at the rate of **11s. 9-78d.** per share. This dividend, together with the interim dividend of **5s.** per share paid in December, 1939, makes a total of **16s. 9-78d.** per A share for the year. The shareholders' profits from the Ordinary and Industrial branches provide **16s. 3-38d.** of this dividend (of which **5s.** has already been paid) and the remaining **6-40d.** 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 the A and the B shares are payable free of income tax to the shareholders who are on the register on 4th April, 1940.

The retiring Directors are SIR EDGAR HORNE, Bart., SIR LAURENCE NUNNS GUILLEMARD, G.C.M.G., K.C.B., LIEUT.-COL. PERCY LESTER REID, O.B.E., and SIR GEORGE STUART ROBERTSON, K.C., 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.

HOLBORN BARS,
12th March, 1940.

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 ..						
Reserve for unexpired risks	£127,314	0	0			117,500	0	6			
Add adjustment in exchange	1,338	0	0			Commission	57,249	5	0		
						Expenses of management	100,705	9	10		
						Transfer to Profit and loss account	69,242	4	8		
Premiums				128,652	0	0	Amount of miscellaneous insurance fund at the end of the year :—				
Trustee and executor fees				309,213	5	6	Reserve for unexpired risks, being 40 per cent. of the premium income for the year	123,686	0	0	
Interest and dividends	£10,269	7	5	22,529	8	5					
Less income tax	2,281	1	4	7,988	6	1					
				<u>£468,383</u>	<u>0</u>	<u>0</u>			<u>£468,383</u>	<u>0</u>	<u>0</u>

Sinking Fund Insurance Business.

		£	s.	d.			£	s.	d.		
Amount of sinking fund insurance fund at the beginning of the year					Claims under policies paid and outstanding ..						
				3,705,598	0	0	152,240	0	0		
Premiums				82,667	17	9	Surrenders	65,033	16	0	
Interest and dividends	£146,776	12	0				Commission	551	16	3	
Less income tax	32,602	10	9				Expenses of management	1,653	7	1	
				114,174	1	3	Transfer to Profit and loss account	32,171	19	8	
							Amount of sinking fund insurance fund at the end of the year				
							3,650,789	0	0		
				<u>£3,902,439</u>	<u>19</u>	<u>0</u>			<u>£3,902,439</u>	<u>19</u>	<u>0</u>

Marine Insurance Business.

		£	s.	d.			£	s.	d.		
Amount of marine insurance fund at the beginning of the year					Claims under policies paid and outstanding ..						
				278,432	16	1	68,366	11	2		
Premiums, after deduction of reinsurances, commission, discounts, brokerages and returns	123,067	11	6				Expenses of management	11,720	17	11	
Interest and dividends	£12,058	7	6				Income tax	1,739	10	0	
Less income tax	2,678	9	0				National defence contribution	261	0	0	
				9,379	18	6	Transfer to Profit and loss account	30,000	0	0	
							Amount of marine insurance fund at the end of the year				
							298,792	7	0		
				<u>£410,880</u>	<u>6</u>	<u>1</u>			<u>£410,880</u>	<u>6</u>	<u>1</u>

COMMON CONTINGENCY FUND ACCOUNT

for the Year ending 31st December, 1939.

		£	s.	d.			£	s.	d.		
Amount of Common contingency fund at the beginning of the year					Amount of Common contingency fund at the end of the year						
				2,804,661	6	1	2,868,535	5	2		
Interest and dividends	£93,107	11	9								
Less income tax	29,233	12	8								
				63,873	19	1					
				<u>£2,868,535</u>	<u>5</u>	<u>2</u>			<u>£2,868,535</u>	<u>5</u>	<u>2</u>

SPECIAL CONTINGENCY FUND ACCOUNT

for the Year ending 31st December, 1939.

	£	s.	d.		£	s.	d.
Amount of Special contingency fund at the beginning of the year	5,074,774	13	2	Amount of Special contingency fund at the end of the year	5,190,536	12	4
Interest and dividends	£170,770	9	2				
Less income tax	55,008	10	0				
	115,761	19	2				
	£5,190,536	12	4		£5,190,536	12	4

SHARE PREMIUM ACCOUNT

for the Year ending 31st December, 1939.

	£	s.	d.		£	s.	d.
Balance of Premium brought forward at the beginning of the year	322,814	16	6	Expenses relating to extension of business abroad	45,002	16	8
Interest and dividends	£13,783	9	9	Balance of Premium at the end of the year ..	287,372	7	1
Less income tax	4,223	2	6				
	9,560	7	3				
	£332,375	3	9		£332,375	3	9

PROFIT AND LOSS ACCOUNT

for the Year ending 31st December, 1939.

	£	s.	d.		£	s.	d.
Balance from last year's account:—				Final dividend to holders of A shares in respect of 1938	918,750	0	0
Ordinary branch	219,200	4	4	Dividend to holders of B shares in respect of 1938	100,000	0	0
Industrial branch	666,216	9	0	Interim dividend to holders of A shares in respect of 1939	312,500	0	0
General branch	372,506	9	3	Income tax (General branch)	48,000	0	0
Transfer from Ordinary branch Revenue account	233,165	0	0	National defence contribution (General branch)	12,000	0	0
Transfer from Industrial branch Revenue account	784,443	0	0	Transfer to Investment reserve fund (General branch)	125,000	0	0
Transfer from General branch Revenue accounts:—				Transfer to Additional reserve fund (General branch)	22,775	0	0
Fire insurance	46,151	13	2	Balances carried to:—			
Employers' liability insurance	40,761	13	11	(a) Ordinary branch			
Motor vehicle insurance	56,722	1	6	Balance sheet	£161,561	14	6
Miscellaneous insurance	69,242	4	8	Industrial branch			
Sinking fund insurance	32,171	19	8	Balance sheet	543,546	5	6
Marine insurance	30,000	0	0		705,108	0	0
Interest of the General branch not carried to other accounts	£69,238	13	11	being allocation of balance of profits for 1939 to holders of A shares.			
Less income tax	15,379	10	11	(b) General branch Balance sheet, being allocation of profits for 1939:—			
	53,859	3	0	to holders of A shares	£ 33,333	6	8
	£2,604,439	18	6	to holders of B shares	100,000	0	0
					133,333	6	8
				and amount carried forward	226,973	11	10
				after transferring—			
				£1,450,000 0 0 to Investment reserve funds, Ordinary and Industrial branches,			
				allocating—			
				£643,705 0 0 to or on behalf of members of the Company's outdoor staff,			
				and reserving for bonus—			
				£2,098,485 0 0 to policyholders, Ordinary branch,			
				and			
				£3,525,231 0 0 to policyholders, Industrial branch.			
	£2,604,439	18	6		£2,604,439	18	6

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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.
Authorised capital:—														
1,250,000 A shares of £1 each ..	£1,250,000													
1,000,000 B shares of £1 each ..	1,000,000													
	£2,250,000													
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 ..	—	—	—	—	—	—	—	—	—	—	287,372	7 1	—	287,372
Life assurance fund—Ordinary branch ..	124,961,205	8 6	—	—	—	—	—	—	—	—	—	—	124,961,205	8 6
Industrial assurance fund ..	—	—	203,678,547	3 3	—	—	—	—	—	—	—	—	203,678,547	3 3
General branch insurance funds:—														
Fire insurance fund ..	—	—	—	—	397,541	0 0	—	—	—	—	—	—	—	—
Sickness and accident insurance fund ..	—	—	—	—	303,867	0 0	—	—	—	—	—	—	—	—
Employers' liability insurance fund ..	—	—	—	—	116,529	0 0	—	—	—	—	—	—	—	—
Motor vehicle insurance fund ..	—	—	—	—	307,868	0 0	—	—	—	—	—	—	—	—
Miscellaneous insurance fund ..	—	—	—	—	123,686	0 0	—	—	—	—	—	—	—	—
Sinking fund insurance fund ..	—	—	—	—	3,550,789	0 0	—	—	—	—	—	—	—	—
Marine insurance fund ..	—	—	—	—	298,792	7 0	—	—	—	—	—	—	—	—
Additional reserve fund ..	—	—	—	—	1,200,000	0 0	—	—	—	—	—	—	—	—
Total ..	—	—	—	—	—	—	—	—	—	—	—	—	—	6,399,070
Investment reserve funds ..	2,500,000	0 0	2,750,000	0 0	225,000	0 0	—	—	—	—	—	—	5,475,000	0 0
Common contingency fund ..	—	—	—	—	—	—	2,868,535	5 2	—	—	—	—	2,868,535	5 2
Special contingency fund ..	—	—	—	—	—	—	—	—	5,190,536	12 4	—	—	5,190,536	12 4
Claims admitted or intimated but not paid, less amounts recoverable under reinsurances:—														
Life assurance ..	813,426	17 11	185,015	16 7	—	—	—	—	—	—	—	—	998,442	14 6
Fire insurance ..	—	—	—	—	159,890	12 4	—	—	—	—	—	—	159,890	12 4
Motor vehicle insurance ..	—	—	—	—	413,280	0 0	—	—	—	—	—	—	413,280	0 0
Miscellaneous insurance ..	—	—	—	—	82,995	0 0	—	—	—	—	—	—	82,995	0 0
Sinking Fund ..	—	—	—	—	1,258	0 0	—	—	—	—	—	—	1,258	0 0
Annuities due and unpaid ..	11,106	11 7	—	—	—	—	—	—	—	—	—	—	11,106	11 7
Outstanding commission and expenses ..	111,236	17 0	100,000	0 0	15,000	0 0	—	—	—	—	—	—	226,236	17 0
Premiums received in advance ..	18,700	5 2	—	—	27	6 7	—	—	—	—	—	—	18,727	11 9
Amounts due to other companies on reinsurance account:—														
General branch:—														
Fire insurance ..	—	—	—	—	103,118	9 9	—	—	—	—	—	—	—	—
Sickness and accident insurance ..	—	—	—	—	1,298	5 9	—	—	—	—	—	—	—	—
Employers' liability insurance ..	—	—	—	—	53	16 5	—	—	—	—	—	—	—	—
Motor vehicle insurance ..	—	—	—	—	1,033	13 0	—	—	—	—	—	—	—	—
Miscellaneous insurance ..	—	—	—	—	10,837	17 8	—	—	—	—	—	—	—	—
Marine insurance ..	—	—	—	—	6,546	15 1	—	—	—	—	—	—	—	—
Total ..	—	—	—	—	—	—	—	—	—	—	—	—	—	122,889
Amounts due to subsidiary companies ..	—	—	100	0 0	36,445	1 4	—	—	—	—	—	—	36,545	1 4
Deposit as security for return of investments lent ..	6,478	19 2	6,745	13 8	3,368	2 5	—	—	—	—	—	—	16,592	15 3
Sundry creditors ..	33,885	18 6	69,831	14 2	7,895	5 6	—	—	—	—	—	—	111,612	18 2
Reserve for income tax ..	24,939	0 5	—	—	65,618	1 1	2,100	0 0	4,200	0 0	1,280	0 0	98,117	1 6
Reserve for National defence contribution ..	18,375	0 0	74,950	0 0	15,251	16 0	—	—	—	—	—	—	108,576	16 0
Loans on policies within their surrender values, due to reinsuring companies ..	4,761	0 0	—	—	—	—	—	—	—	—	—	—	4,761	0 0
Bonus allocation to members of Company's outdoor staff ..	£643,705	0 0	—	—	—	—	—	—	—	—	—	—	—	—
Add balance brought forward ..	19,023	13 3	—	—	—	—	—	—	—	—	—	—	—	—
Unclaimed dividends ..	—	—	662,728	13 3	—	—	—	—	—	—	—	—	662,728	13 3
Balance standing to credit of Profit and loss account	161,561	14 6	543,546	5 6	360,306	18 6	—	—	—	—	—	—	1,065,414	18 6
NOTES.														
Instalments on investments held due after 31st December, 1939 ..	£795,000													
Investments bought for settlement after 31st December, 1939 ..	£77,000													
Uncalled capital on investments held ..	£1,705,000													
Contingent liability on shares, etc. ..	£4,636,000													
A contingent liability exists under a guarantee given by the Company in respect of certain benefits for the Staff and their relatives and dependants provided by means of a company formed for this purpose.														
Amounts of Life assets compulsorily deposited abroad—Investments (at market value or under), mortgages, property and cash:—														
Australia ..	£47,500													
Canada ..	£1,145,900													
India ..	£14,000													
New Zealand ..	£49,000													
Palestine ..	£900													
Poland ..	£100,000													
South Africa ..	£10,000													
Southern Rhodesia ..	£4,700													
	128,665,877	12 9	209,327,816	6 4	8,108,356	18 5	2,870,635	5 2	5,194,736	12 4	288,632	7 1	354,455,855	2 1

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 Stock Exchange securities are determined, under the Articles of Association of the Company, by the Directors; these values have been compared with the middle market prices as at the 31st December, 1939, and on the basis of such prices we certify that in our belief the assets set forth in the Balance Sheet, less the Investment Reserve and the Contingency funds taken into account, are in the aggregate in excess of the value stated therein.

The gross amount of the Directors' remuneration for the year (including fees from a subsidiary company) was £55,229 8s. 11d.

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.

REPORT OF THE AUDITORS.

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.

12th March, 1940.

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BALANCE SHEET, 31st December, 1939.

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	8,563,193	2 9	2,737,330	18 7	—	—	—	—	—	—	—	—	11,300,524	1 4
Mortgages on property within Eire	10,256	3 9	—	—	—	—	—	—	—	—	—	—	10,256	3 9
Mortgages on property out of the United Kingdom	2,309,226	5 5	915,481	18 1	400	0 0	—	—	—	—	—	—	3,225,108	3 6
Loans without specific security within the United Kingdom	50,207	8 4	1,074,000	0 0	—	—	—	—	—	—	—	—	1,124,207	8 4
Loans without specific security out of the United Kingdom	383,482	2 10	9,375	0 0	—	—	—	—	—	—	—	—	392,857	2 10
Loans on parochial and other public rates	1,491,236	15 7	9,404,517	16 6	—	—	—	—	—	—	—	—	10,895,754	12 1
Loans on Life interests	59,662	3 2	—	—	—	—	—	—	—	—	—	—	59,662	3 2
Loans on Stocks and shares	5,885,099	11 7	9,999,511	4 10	—	—	—	—	—	—	—	—	15,884,610	16 5
Loans on Company's policies within their surrender values	4,534,451	4 3	—	—	—	—	—	—	—	—	—	—	4,534,451	4 3
Loans to subsidiary companies	549,651	8 8	1,073,638	16 5	—	—	—	—	—	—	—	—	1,623,290	5 1
Investments:—														
Deposits with the High Court:—														
£17,122 14s. 3¼% War Stock	16,000	0 0	—	—	—	—	—	—	—	—	—	—	16,000	0 0
£20,000 3¼% War Stock	—	—	18,700	0 0	—	—	—	—	—	—	—	—	18,700	0 0
£22,000 3¼% War Stock	—	—	—	—	20,500	0 0	—	—	—	—	—	—	20,500	0 0
£22,000 2% Local Loans Stock	—	—	—	—	17,700	0 0	—	—	—	—	—	—	17,700	0 0
Deposits with the Supreme Court of Judicature in Eire:—														
£20,000 3¼% War Stock	18,700	0 0	—	—	—	—	—	—	—	—	—	—	18,700	0 0
£20,000 3¼% War Stock	—	—	—	—	18,700	0 0	—	—	—	—	—	—	18,700	0 0
British Government securities	26,498,711	5 1	43,607,645	3 3	1,996,173	0 7	2,406,999	15 1	3,437,503	4 3	283,189	16 8	78,230,222	4 11
Securities issued under the Trade Facilities Acts and Railway (Agreement) Act, 1935	1,696,300	0 0	3,619,392	13 11	206,387	10 0	—	—	—	—	—	—	5,522,080	3 11
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	—	—	—	—	—	—	—	—	—	—	330,000	0 0
Municipal and county securities, United Kingdom	2,631,740	0 4	4,419,903	4 0	833,850	14 1	131,828	1 2	439,762	9 10	—	—	8,457,082	9 5
Public Board securities	1,919,493	1 7	3,393,628	19 3	236,721	2 6	122,800	0 0	44,000	0 0	—	—	5,716,443	3 4
Dominion, Indian and Colonial Government securities	4,281,467	15 10	4,756,378	3 8	628,916	7 5	47,817	14 7	285,234	4 8	—	—	9,999,814	8 2
Dominion provincial securities	359,979	17 11	312,463	17 10	—	—	—	—	161,334	17 5	—	—	833,768	13 2
Dominion, Indian and Colonial municipal securities	1,258,874	7 11	1,200,325	11 6	—	—	—	—	19,366	5 0	3,500	0 0	2,482,066	4 5
Foreign Government securities	3,725,794	1 10	4,191,299	4 1	344,164	13 8	—	—	—	—	—	—	8,261,257	19 7
Foreign provincial securities	179,986	4 4	252,314	18 6	8,800	0 0	—	—	—	—	—	—	441,101	2 10
Foreign municipal securities	485,458	19 11	623,711	9 6	96,897	3 7	—	—	—	—	—	—	1,206,067	13 0
Railway and other debentures and debenture stocks and gold and sterling bonds—Home and Foreign	18,436,776	10 8	33,727,415	17 9	1,564,902	2 2	121,883	4 3	92,235	10 10	—	—	53,943,213	5 8
Debentures and debenture stock in subsidiary companies	75,000	0 0	100,000	0 0	—	—	—	—	—	—	—	—	175,000	0 0
Railway and other preference and guaranteed stocks and shares	11,646,621	6 4	18,738,885	13 3	467,234	1 7	—	—	33,217	7 6	—	—	30,885,958	8 8
Preference shares in subsidiary companies	70,698	0 0	205,339	13 11	—	—	—	—	—	—	—	—	276,037	13 11
Railway and other ordinary stocks and shares	16,610,792	14 0	24,681,691	5 9	166,267	12 2	—	—	—	—	—	—	41,458,751	11 11
Ordinary shares in subsidiary companies	556,790	0 6	484,615	11 8	697,009	0 0	—	—	—	—	—	—	1,738,414	12 2
Rent charges	63,990	8 8	—	—	—	—	—	—	—	—	—	—	63,990	8 8
Freehold ground rents and feu duties	—	—	8,014,211	6 6	—	—	—	—	—	—	—	—	8,014,211	6 6
Leasehold ground rents	—	—	3,277	19 5	—	—	—	—	—	—	—	—	3,277	19 5
House property:—														
Office premises (at cost, less amounts written off)	—	—	3,551,809	14 3	—	—	—	—	—	—	—	—	3,551,809	14 3
Properties within the United Kingdom	2,695,044	17 0	13,186,027	13 1	—	—	—	—	—	—	—	—	15,881,072	10 1
Properties out of the United Kingdom	1,134,542	3 1	249,258	10 1	—	—	—	—	—	—	—	—	1,383,800	13 2
Life interests	35,429	4 1	—	—	—	—	—	—	—	—	—	—	35,429	4 1
Reversions	99,911	13 10	—	—	—	—	—	—	—	—	—	—	99,911	13 10
Deposits at interest at home and abroad	838,362	5 8	800,000	0 0	—	—	—	—	—	—	—	—	1,638,362	5 8
Agents' balances	—	—	—	—	344,243	12 1	—	—	—	—	—	—	344,243	12 1
Outstanding premiums	636,149	15 3	336,313	17 0	78,694	1 9	—	—	—	—	—	—	1,051,157	14 0
Outstanding interest, dividends and rents	272,063	14 2	264,020	13 6	—	—	—	—	—	—	—	—	536,084	7 8
Interest, dividends and rents accrued but not payable	333,918	9 6	455,723	9 8	—	—	—	—	—	—	—	—	789,641	19 2
Amounts retained at home and abroad by ceding companies under reinsurance treaties and sums due on reinsurance account	—	—	—	—	124,265	9 6	—	—	—	—	—	—	124,265	9 6
Amounts due from subsidiary companies	16,593	13 9	15,061	4 1	30,532	19 0	—	—	—	—	—	—	62,187	16 10
Sundry debtors	29,206	6 0	49,812	4 4	—	—	—	—	—	—	—	—	79,020	4 7
Bills receivable	98,987	10 0	20,955	0 0	—	—	—	—	—	—	—	—	119,942	10 0
Marine stamps	—	—	—	—	156	8 9	—	—	—	—	—	—	156	8 9
Cash:—														
On deposit:—														
In the United Kingdom	5,850,000	0 0	10,200,000	0 0	—	—	—	—	—	—	—	—	15,850,000	0 0
Abroad	187,794	2 8	—	—	50,899	9 8	—	—	—	—	—	—	238,693	12 4
In hand and on current account:—														
In the United Kingdom	1,247,814	3 0	2,230,235	8 10	164,124	11 5	39,508	10 1	682,082	12 10	1,942	10 5	4,365,707	16 7
Abroad	690,218	13 6	3,552	3 4	10,815	4 3	—	—	—	—	—	—	704,586	1 1
	128,665,677	12 9	209,327,816	6 4	8,108,356	18 5	2,870,635	5 2	5,194,736	12 4	288,632	7 1	354,455,855	2 1

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, 1939, 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, 1939, 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.
- (b) the losses of two companies (whose accounting years ended 31st December, 1938, and 31st August, 1939) have been provided for in the accounts of The Prudential Assurance Company Limited.

GEORGE L. BARSTOW,
G. P. HARBEN,
L. N. GUILLEMARD, } Directors.

EDGAR HORNE, Chairman.

We have examined the receipts and payments at Chief Office relating to the Mortgages and Loans and to the purchase and sale of Investments for the year ended 31st December, 1939. We have also examined the Deeds, Stock and Share Certificates and Bonds in possession of the Company at Chief Office and with the exceptions noted below have verified as at the 31st December, 1939, by Certificates of Bankers or other Depositories the securities in their custody, or in the hands of their Agents, and by Certificates of Brokers the securities purchased but not delivered. We have confirmed Deposits by Certificates from the Institutions with whom they are lodged, and Cash held for account of Chief Office and District Offices by Certificates from Bankers or with audited accounts from Divisional Centres. We have been unable to obtain confirmations in respect of Mortgages, Loans, Investments and Cash lodged in enemy territory, or in territories occupied by the enemy, as security for policyholders under Government laws or held in such territories by Bankers. Subject thereto, the Mortgages, Loans, Investments, Deposits and Cash so examined or confirmed by us, together with the amounts shown in the certified Balance Sheets received from Overseas Branches, represent the Mortgages, Loans, Investments, Deposits and Cash set out in the above Balance Sheet as at 31st December, 1939.

DELOITTE, PLENDER, GRIFFITHS & CO.,
Chartered Accountants,
5, London Wall Buildings, London, E.C.2.

12th March, 1940.

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



Directors' Report
and
Statement of Accounts
at 31st December, 1939

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 4th day of April, 1940, 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.

19th March, 1940.

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

61. 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.