

The
Prudential Assurance Company

LIMITED

(INCORPORATED IN ENGLAND.)

NINETY-SECOND
ANNUAL REPORT

Year ending 31st December, 1940.



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.
SIR NIGEL GEORGE DAVIDSON, C.B.E.
ERNEST DEWEY

JOHN ROY LANCASTER
HERBERT HARVEY MOSELEY,
B.C.L.

SIR LAURENCE NUNNS GUILLEMARD,
G.C.M.G., K.C.B.

LT.-COL. PERCY LESTER REID,
O.B.E.

GROUP CAPTAIN WILLIAM
GUY HORNE

SIR GEORGE STUART
ROBERTSON, K.C.

Joint Secretaries :

P. C. CRUMP, O.B.E., F.I.A. C. W. A. RAY, A.L.A.A.

Assistant Secretary :

G. GOODMAN, F.I.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.
H. S. LANE, M.C.

C. G. IZARD
H. H. REDMAN

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. P00022106

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

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.

THE
PRUDENTIAL ASSURANCE COMPANY
LIMITED.

NINETY-SECOND ANNUAL REPORT

Year ending 31st December, 1940.

THE DIRECTORS have the honour to submit their Report and Accounts for 1940.

The **Assets** of the Company amount to **£364,854,580** as compared with **£354,455,855** at 31st December, 1939.

The **Income** from all sources during 1940 was **£56,048,786** as compared with **£56,254,060** in 1939.

ORDINARY BRANCH.

The number of life assurance policies issued during the year was **65,100**, assuring the sum of **£20,945,502**, and producing an annual premium income of **£1,007,946**.

The number of life assurance policies in force on 31st December, 1940, was **1,001,608**, assuring with bonus **£287,052,266** and producing an annual premium income of **£12,738,370**.

The immediate annuities payable were **14,180** in number, and amounted to **£1,041,763** per annum. In addition there were **119,505** deferred and contingent annuities, securing **£2,320,643** per annum and producing an annual premium income of **£1,158,813**.

The total amount received for premiums and consideration for annuities granted was **£14,357,720**. The total claims for the year amounted to **£13,521,586**. There were death claims for sums assured, including bonuses, of **£3,052,633** and matured endowment assurances for sums assured, including bonuses, of **£10,468,953**.

The surplus is **£2,865,708**, including the sum of **£643,377** brought forward from last year, and has been allocated as follows :—

	£
To Investment reserve fund	750,000
To bonus to participating policyholders	95,715
To dividend to holders of A shares	10,635
To Ordinary branch contingency fund	1,375,000
To be carried forward	634,358

In view of prevailing world conditions the sum of **£1,375,000** has been transferred to an Ordinary branch contingency fund as a measure of precaution. The Articles provide that, if in any year, any part of a contingency fund for a branch is no longer required it may be applied as profits of that year in such branch.

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, 1940, and which becomes a claim by death or maturity of endowment during the year 1941 there shall be paid or transferred as part of the claim a bonus calculated on the original participating sum assured at the rate :—

- (a) where such sum is cash of **£1** cash per **£100**, and
- (b) where such sum is Stock of **£1** Stock per **£100**.

As regards Canadian policies, the bonus is the same but different dates apply.

INDUSTRIAL BRANCH.

The number of policies issued during the year was **2,056,371** assuring a sum of **£63,854,552**.

The number of policies becoming free policies during the year was **330,926**. The number of free policies which became claims was **247,123**.

The total number of policies in force at the end of the year including **4,907,072** free policies was **28,627,759**, under which the maximum sum assured together with declared bonus was **£625,733,142**, producing an annual premium income of **£24,996,034**. The average duration of the whole life premium paying policies in force exceeds 19 years.

The premiums received during the year were **£25,178,307**, being an increase of **£1,368,273** over those for 1939. The sum of **£16,454,309**, which includes **£2,932,581** by way of bonus, was paid during the year under **1,032,775** policies in respect of death claims, matured endowments and surrenders. The number of endowment assurance policies which matured was **173,002**.

The surplus is **£5,706,304**, including the sum of **£824,275** brought forward from last year, and has been allocated as follows:—

	£
To Investment reserve fund	1,250,000
To bonus to participating policyholders	120,000
To dividend to holders of A shares	380,000
To bonus to members of outdoor staff	34,164
To Industrial branch contingency fund	3,100,000
To be carried forward	822,140

In view of prevailing world conditions the sum of **£3,100,000** has been transferred to an Industrial branch contingency fund as a measure of precaution. The Articles provide that, if in any year, any part of a contingency fund for a branch is no longer required it may be applied as profits of that year in such branch.

Having regard to the amount of dividend which will be provided by the **£380,000** allocated out of the surplus to dividend to holders of A shares, **£585,000** is required to be raised out of the Special contingency fund in accordance with Article 135 of the Company's Articles of Association of which **£292,500** goes towards providing the dividend to holders of A shares. The balance of **£292,500** has been augmented to meet inequalities arising from the incidence of income tax and the augmented amount of **£499,644** goes towards providing the bonus to members of the outdoor staff.

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 **£59,174,550**.

The expense ratio in this branch is **23.59** per cent. of the premiums received during the year.

The Directors have declared that in respect of all participating policies issued by the Prudential before 1st January, 1941 which become claims by death or maturity of endowment during the year 1941 and which are premium paying policies in Great Britain or Northern Ireland at the date of the event giving rise to the claim and on which not less than one year's premiums shall then have been paid there shall be paid or transferred as part of the claim a bonus calculated on the original participating sum assured at the rate:—

- (a) where such sum is cash of **16s.** cash per £100 and
 (b) where such sum is Stock of **16s.** Stock per £100.

This bonus is in addition to any amount of reversionary bonus already added to the sum assured but is not in addition to any bonus previously declared which was not a reversionary bonus.

In the case of whole life assurance and endowment assurance policies issued by the British Widows' Assurance Company Limited out of its Industrial branch which terminate on becoming claims by death or maturity of endowment between 4th April, 1941 and 31st December, 1941, both dates inclusive, and which are premium paying policies at the date of the event giving rise to the claim and on which not less than 5 years' premiums shall then 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 £2,422,474, being a decrease of £198,485 in comparison with those for 1939. 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 £8,208,647 as compared with £8,772,570 in 1939, *i.e.*, a decrease of £563,923.

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 £100,000,000.

The surplus is £579,470, including the sum of £226,974 brought forward from last year, and has been allocated as follows :—

	£
To Investment reserve fund	100,000
To Additional reserve fund	25,000
To Profit and loss account for income tax and National defence contribution	95,000
To dividends to holders of A shares and B shares	133,333
To be carried forward	226,137

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 year 1940 a final dividend on the A shares at the rate of 8s. 11·56d. per share. This dividend, together with the interim dividend of 2s. 6d. per share paid in September, 1940, makes a total of 11s. 5·56d. per A share for the year. The shareholders' profits from the Ordinary and Industrial branches provide 6s. 3d. of this dividend (of which 2s. 6d. has already been paid); 4s. 8·16d. is provided from the Special contingency fund in accordance with Article 135 of the Articles of Association 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 3rd April, 1941.

The retiring Directors are MR. GUY PHILIP HARBEN, O.B.E., MR. JOHN ROY LANCASTER, MR. ERNEST DEWEY and MR. HERBERT HARVEY MOSELEY, B.C.L., who offer themselves for re-election.

The Directors regret the death, on 5th April, 1940, of MR. HENRY ROGERS GRAY who had been one of the auditors of the Company since 1929. The Directors appointed SIR JOHN SEROCOLD PAGET MELLOR, Bart., M.P., a qualified shareholder, to fill the vacancy.

MAJOR LAWRENCE WILFRED BIRD and SIR JOHN SEROCOLD PAGET MELLOR 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,
11th March, 1941.

REVENUE ACCOUNT OF THE ORDINARY BRANCH
for the Year ending 31st December, 1940, in respect of
Life Assurance Business.

	£	s.	d.		£	s.	d.
Amount of life assurance fund at the beginning of the year	£124,961,205	8	6	Claims under policies paid and outstanding :—			
Add adjustment in exchange	1,818	16	2	By death	£3,052,632	15	8
	124,963,024	4	8	By maturity	10,468,953	2	5
Premiums	13,904,967	5	11	Surrenders	997,226	6	8
Consideration for annuities granted	452,753	1	6	Bonuses surrendered for cash	131,431	12	11
Interest, dividends and rents	£5,267,717	1	2	Annuities	1,032,804	19	1
Less income tax	1,127,088	13	1	Commission :—			
Transfer from Profit on investments account	1,472	0	0	Life business	757,890	13	7
	4,140,628	8	1	Annuity business	8,198	13	3
	143,462,845	0	2	Expenses of management :—			
	143,462,845	0	2	Life business	1,075,845	12	8
				Annuity business	20,480	0	6
				National defence contribution	10,500	0	0
				Transfer to Investment reserve fund	750,000	0	0
				Transfer to Ordinary branch contingency fund	1,375,000	0	0
				Transfer to Profit and loss account	10,635	0	0
				Amount of life assurance fund at the end of the year	123,771,246	3	5
	143,462,845	0	2		143,462,845	0	2

NOTE.—During the year 65,100 policies were issued for a sum assured of £20,945,501 14s. 7d. The amount received by way of single premiums was £43,616 11s. 1d. The yearly renewal premium income was £1,007,946 4s. 5d.

REVENUE ACCOUNT OF THE INDUSTRIAL BRANCH
for the Year ending 31st December, 1940, in respect of
Industrial Assurance Business.

	£	s.	d.		£	s.	d.
Amount of Industrial assurance fund at the beginning of the year	203,678,547	3	3	Claims under policies paid and outstanding :—			
Premiums	25,178,307	8	11	By death	£8,846,434	10	0
Interest, dividends and rents	£8,179,548	18	1	By maturity	6,290,723	15	11
Less income tax	1,159,375	18	8	Surrenders	15,137,158	5	11
Transfer from Special contingency fund	£585,000	0	0	Expenses of management	1,317,151	1	10
Adjustment for income tax	207,144	2	8	National defence contribution	5,938,810	2	0
	792,144	2	8	Bonus allocation to members of Company's outdoor staff	38,500	0	0
	702,017	19	5	Transfer to Investment reserve fund	533,807	16	8
	236,669,171	14	3	Transfer to Industrial branch contingency fund	1,250,000	0	0
	236,669,171	14	3	Transfer to Profit and loss account	3,100,000	0	0
				Amount of Industrial assurance fund at the end of the year	672,500	0	0
					208,681,444	7	10
	236,669,171	14	3		236,669,171	14	3

NOTE.—During the year 2,056,371 policies were issued, for a maximum sum assured of £63,854,552.

REVENUE ACCOUNTS OF THE GENERAL BRANCH
for the Year ending 31st December, 1940, in respect of
Fire Insurance Business.

	£	s.	d.		£	s.	d.
Amount of fire insurance fund at the beginning of the year :—				Claims under policies paid and outstanding	411,987	7	1
Reserve for unexpired risks	397,541	0	0	Commission	161,121	12	7
Premiums	964,121	3	0	Expenses of management	321,452	10	0
Interest and dividends	£23,276	5	0	Contributions to fire brigades	2,999	11	0
Less income tax	7,486	7	4	Final contribution in respect of Fire Brigades Act, 1938	3,545	3	11
	15,789	17	8	Loss on exchange	7,014	18	4
				Transfer to Profit and loss account	28,428	17	9
				Amount of fire insurance fund at the end of the year :—			
				Reserve for unexpired risks, being 40 per cent. of the premium income for the year	£385,648	0	0
				Further reserve for unexpired risks	55,254	0	0
	1,377,452	0	8		440,902	0	0
	1,377,452	0	8		1,377,452	0	8

SPECIAL CONTINGENCY FUND ACCOUNT

for the Year ending 31st December, 1940.

	£	s.	d.		£	s.	d.
Amount of Special contingency fund at the beginning of the year	5,190,536	12	4	Reserve for National defence contribution ..	30,000	0	0
Interest and dividends	£203,202	8	2	Transfer to Industrial branch revenue account	585,000	0	0
Less income tax	78,289	9	7	Amount of Special contingency fund at the end of the year	4,700,449	10	11
	124,912	18	7				
	<u>£5,315,449</u>	<u>10</u>	<u>11</u>		<u>£5,315,449</u>	<u>10</u>	<u>11</u>

SHARE PREMIUM ACCOUNT

for the Year ending 31st December, 1940.

	£	s.	d.		£	s.	d.
Balance of Premium brought forward at the beginning of the year	287,372	7	1	Expenses relating to extension of business abroad	35,086	5	0
Interest and dividends	£12,848	19	1	Reserve for National defence contribution ..	3,000	0	0
Less income tax	5,134	13	6	Balance of Premium at the end of the year ..	257,000	7	8
	7,714	5	7				
	<u>£295,086</u>	<u>12</u>	<u>8</u>		<u>£295,086</u>	<u>12</u>	<u>8</u>

PROFIT AND LOSS ACCOUNT

for the Year ending 31st December, 1940.

	£	s.	d.		£	s.	d.
Balance from last year's account :—				Final dividend to holders of A shares in respect of 1939	738,441	6	8
Ordinary branch	181,561	14	6	Dividend to holders of B shares in respect of 1939	100,000	0	0
Industrial branch	543,546	5	6	Interim dividend to holders of A shares in respect of 1940	156,250	0	0
General branch	380,306	18	6	Income tax (General branch)	77,000	0	0
Transfer from Ordinary branch revenue account	10,635	0	0	National defence contribution (General branch)	18,000	0	0
Transfer from Industrial branch revenue account	672,500	0	0	Transfer to Investment reserve fund (General branch)	100,000	0	0
Transfer from General branch revenue accounts :—				Transfer to Additional reserve fund (General branch)	25,000	0	0
Fire insurance	28,428	17	9	Balances carried to :—			
Employers' liability insurance	28,132	13	11	(a) Ordinary branch balance sheet	£6,381	2	1
Motor vehicle insurance	149,696	16	8	Industrial branch balance sheet	520,503	17	11
Miscellaneous insurance	38,859	15	2		526,885	0	0
Sinking fund insurance	48,665	4	3	being final dividend to holders of A shares in respect of 1940.			
Marine insurance	8,694	12	6	(b) General branch balance sheet, being allocation of profits for 1940 :—			
Interest of the General branch not carried to other accounts	£73,732	12	9	to holders of A shares	£33,333	6	8
Less income tax	23,714	14	4	to holders of B shares	100,000	0	0
	50,017	18	5		133,333	6	8
				and amount carried forward	226,136	3	10
	<u>£2,101,045</u>	<u>17</u>	<u>2</u>		359,469	10	6
				after transferring—			
				£2,000,000 to Investment reserve funds and			
				£4,475,000 to Contingency funds, Ordinary and Industrial branches,			
				allocating—			
				£533,807 16 8 to or on behalf of members of the Company's outdoor staff,			
				and reserving for bonus—			
				£95,715 0 0 in respect of Ordinary branch policies and			
				£120,000 0 0 in respect of Industrial branch policies.			
	<u>£2,101,045</u>	<u>17</u>	<u>2</u>		<u>£2,101,045</u>	<u>17</u>	<u>2</u>

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														
	<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 ..											257,000	7 8		257,000 7 8	
Life assurance fund—Ordinary branch ..	123,771,246	3 5												123,771,246 3 5	
Industrial assurance fund ..			208,681,444	7 10										208,681,444 7 10	
General branch insurance funds—															
Fire insurance fund ..					440,902	0 0									
Sickness and accident insurance fund ..					380,298	0 0									
Employers' liability insurance fund ..					109,727	0 0									
Motor vehicle insurance fund ..					248,586	0 0									
Miscellaneous insurance fund ..					121,197	0 0									
Sinking fund insurance fund ..					3,668,778	0 0									
Marine insurance fund ..					346,889	18 0									
Additional reserve fund ..					1,225,000	0 0									
Total ..														6,521,327 18 0	
Investment reserve funds ..	3,250,000	0 0	4,000,000	0 0	325,000	0 0								7,575,000 0 0	
Common contingency fund ..							2,924,854	3 4						2,924,854 3 4	
Contingency funds ..	1,375,000	0 0	3,100,000	0 0										4,475,000 0 0	
Special contingency fund ..									4,700,449	10 11				4,700,449 10 11	
Claims admitted or intimated but not paid, less amounts recoverable under reinsurances—															
Life assurance ..	1,485,054	1 1	324,472	2 8										1,750,526 3 9	
Fire insurance ..					185,564	5 8								185,564 5 8	
Motor vehicle insurance ..					276,480	0 0								276,480 0 0	
Miscellaneous insurance ..					89,131	0 0								89,131 0 0	
Sinking Fund ..					1,094	0 0								1,094 0 0	
Annuities due and unpaid ..	27,453	7 5												27,453 7 5	
Outstanding commission and expenses ..	110,676	14 9	100,000	0 0	20,717	2 0								231,398 16 9	
Premiums received in advance ..	16,252	8 1			44	17 4								16,297 5 5	
Amounts due to other companies on reinsurance account—															
General branch—															
Fire insurance ..					130,757	4 9									
Sickness and accident insurance ..					1,920	9 10									
Employers' liability insurance ..					175	11 0									
Motor vehicle insurance ..					923	14 0									
Miscellaneous insurance ..					8,155	15 2									
Marine insurance ..					5,828	11 10									
Total ..														147,761 6 7	
Amounts due to subsidiary companies ..			100	0 0	19,332	17 9								19,432 17 9	
Deposit as security for return of investments lent ..	4,705	0 0	4,863	11 2										9,388 11 2	
Sundry creditors ..	58,673	13 4	18,880	15 7	22,117	6 8								100,671 15 5	
Reserve for income tax ..	96,597	13 7			65,922	8 5	1,275	0 0			850	0 0		164,645 2 0	
Reserve for National defence contribution ..					13,713	15 0			30,000	0 0	3,000	0 0		46,713 15 0	
Loans on policies within their surrender values, due to reinsuring companies ..	1,250	0 0												1,250 0 0	
Bonus allocation to members of Company's outdoor staff ..	£533,807	16 8													
Add balance brought forward ..	616	10 0													
Unclaimed dividends ..			534,424	6 8										534,424 6 8	
Balance standing to credit of Profit and loss account ..	6,381	2 1	520,503	17 11	259,469	10 6								886,354 10 6	
NOTES.															
Instalments on investments held due after 31st December, 1940 ..	£160,000														
Investments bought for settlement after 31st December, 1940 ..	580,000														
Uncalled capital on investments held ..	1,060,000														
Contingent liability on shares, etc. ..	2,365,000														
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.															
When the pending War Damage Bill becomes law a liability to make contributions thereunder will arise.															
Amounts of Life assets compulsorily deposited abroad—Investments (at or under market value, if quoted), mortgages, property and cash—															
Australia ..	£47,500														
Canada ..	1,269,000														
India ..	14,000														
New Zealand ..	50,000														
Palatine ..	1,000														
Poland ..	100,000														
South Africa ..	10,000														
Southern Rhodesia ..	5,000														
			130,154,390	3 9	218,535,013	11 9	9,247,747	2 9	2,926,129	3 4	4,730,449	10 11	260,850	7 8	364,854,580 0 2

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, 1940, 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 £59,028 2s. 1d.

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
C. W. A. RAY, } 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.

L. W. BIRD, }
JOHN S. P. MELLOR, } Auditors.

11th March, 1941.

P00022115

0862-010

BALANCE SHEET, 31st December, 1940.

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.	£	s. d.
Mortgages on property within the United Kingdom		8,592,939	6 11	2,836,288	14 0	—	—	—	—	—	—	—	—	11,429,226	0 11
Mortgages on property within Eire		8,638	13 5	—	—	—	—	—	—	—	—	—	—	8,638	13 5
Mortgages on property out of the United Kingdom		2,087,889	17 1	871,501	12 1	400	0 0	—	—	—	—	—	—	2,959,791	9 2
Loans without specific security within the United Kingdom		550,186	11 9	1,580,000	0 0	—	—	—	—	—	—	—	—	2,130,186	11 9
Loans without specific security out of the United Kingdom		358,007	17 9	9,875	0 0	—	—	—	—	—	—	—	—	367,882	17 9
Loans on parochial and other public rates		1,418,684	14 1	9,051,742	15 4	—	—	—	—	—	—	—	—	10,470,426	9 5
Loans on Life interests		58,656	19 7	—	—	—	—	—	—	—	—	—	—	58,656	19 7
Loans on Stocks and shares		1,128,852	19 1	6,962,486	18 3	—	—	—	—	—	—	—	—	8,091,338	17 4
Loans on Company's policies within their surrender values		4,215,289	4 2	—	—	200	0 0	—	—	—	—	—	—	4,215,489	4 2
Loans to subsidiary companies		488,633	5 0	850,538	18 5	—	—	—	—	—	—	—	—	1,339,171	1 5
Investments:—															
Deposits with the High Court:—															
£17,122 14s. 3½% War Stock		16,000	0 0	—	—	—	—	—	—	—	—	—	—	16,000	0 0
£20,000 3½% War Stock		—	—	18,700	0 0	—	—	—	—	—	—	—	—	18,700	0 0
£22,000 3½% War Stock		—	—	—	—	20,500	0 0	—	—	—	—	—	—	20,500	0 0
£22,000 3% Local Loans Stock		—	—	—	—	17,700	0 0	—	—	—	—	—	—	17,700	0 0
Deposits with the Supreme Court of Judicature in Eire:—															
£20,000 3½% War Stock		18,700	0 0	—	—	—	—	—	—	—	—	—	—	18,700	0 0
£20,000 3½% War Stock		—	—	—	—	18,700	0 0	—	—	—	—	—	—	18,700	0 0
British Government securities		81,613,184	14 9	55,131,465	15 10	2,018,283	6 9	2,289,985	14 2	3,881,833	19 4	247,258	5 7	95,181,989	16 5
Securities issued under the Trade Facilities Acts and Railway (Agreement) Act, 1935		1,628,200	0 0	3,499,414	15 8	205,887	10 0	—	—	—	—	—	—	5,333,502	5 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	161,548	10 8	—	—	—	—	—	—	—	—	491,548	10 8
Municipal and county securities, United Kingdom		2,831,840	4 10	4,492,923	12 10	815,760	17 5	183,318	3 4	248,660	0 9	—	—	8,572,502	19 2
Public Board securities		1,919,493	1 7	3,401,891	12 1	236,721	2 6	122,600	0 0	44,000	0 0	—	—	5,724,705	18 2
Dominion, Indian and Colonial Government securities		4,538,546	14 8	4,064,589	8 11	686,354	14 0	148,324	14 7	283,847	6 11	—	—	9,730,112	19 1
Dominion provincial securities		372,230	0 2	324,945	17 1	—	—	—	—	161,834	17 5	—	—	858,510	14 8
Dominion, Indian and Colonial municipal securities		1,200,433	4 1	1,105,767	4 7	—	—	—	—	9,500	0 0	3,500	0 0	2,319,200	8 8
Foreign Government securities		3,744,169	17 4	3,920,877	13 10	322,552	14 9	—	—	—	—	—	—	7,987,600	5 11
Foreign provincial securities		174,571	12 5	227,418	19 6	4,300	0 0	—	—	—	—	—	—	406,290	11 11
Foreign municipal securities		432,438	3 7	568,721	15 3	90,555	3 7	—	—	—	—	—	—	1,091,715	2 5
Railway and other debentures and debenture stocks and gold and sterling bonds—Home and Foreign		18,339,854	14 2	32,760,080	14 1	1,542,310	8 2	121,883	4 3	25,000	0 0	—	—	52,789,129	0 8
Debentures and debenture stock in subsidiary companies		100,000	0 0	150,000	0 0	—	—	—	—	—	—	—	—	250,000	0 0
Railway and other preference and guaranteed stocks and shares		11,897,097	10 7	18,962,295	10 8	467,234	1 7	—	—	—	—	—	—	31,326,627	2 10
Preference shares in subsidiary companies		68,830	0 0	201,659	0 0	—	—	—	—	—	—	—	—	270,489	0 0
Railway and other ordinary stocks and shares		16,445,300	11 6	24,612,964	10 10	177,169	7 4	—	—	—	—	—	—	41,235,434	9 8
Ordinary shares in subsidiary companies		558,790	0 6	625,530	1 8	697,009	0 0	—	—	—	—	—	—	1,881,329	2 2
Rent charges		58,121	9 2	—	—	—	—	—	—	—	—	—	—	58,121	9 2
Freehold ground rents and feu duties		—	—	8,209,510	2 6	—	—	—	—	—	—	—	—	8,209,510	2 6
Leasehold ground rents		—	—	3,145	4 3	—	—	—	—	—	—	—	—	3,145	4 3
House property:—															
Office premises (at cost, less amounts written off)		—	—	8,591,090	7 9	—	—	—	—	—	—	—	—	8,591,090	7 9
Properties within the United Kingdom		3,091,520	3 2	13,547,079	5 2	—	—	—	—	—	—	—	—	16,638,600	8 4
Properties out of the United Kingdom		1,127,140	13 8	241,025	8 4	—	—	—	—	—	—	—	—	1,378,165	2 0
Life interests		35,429	4 1	—	—	—	—	—	—	—	—	—	—	35,429	4 1
Reversions		101,017	16 8	—	—	—	—	—	—	—	—	—	—	101,017	16 8
Deposits at interest at home and abroad		798,280	17 4	800,000	0 0	—	—	—	—	—	—	—	—	1,598,280	17 4
Partners' balances		—	—	—	—	386,929	9 10	—	—	—	—	—	—	386,929	9 10
Outstanding premiums		680,811	10 5	840,094	11 10	99,772	11 6	—	—	—	—	—	—	1,620,678	13 9
Outstanding interest, dividends and rents		287,598	12 10	282,571	5 3	—	—	—	—	—	—	—	—	570,169	18 1
Arrest, dividends and rents accrued but not payable		339,622	0 8	481,980	1 2	—	—	—	—	—	—	—	—	821,602	1 10
Accounts retained at home and abroad by ceding companies under reinsurance treaties and sums due on reinsurance account		—	—	—	—	145,172	3 0	—	—	—	—	—	—	145,172	3 0
Accounts due from subsidiary companies		—	—	—	—	13,979	15 3	—	—	—	—	—	—	13,979	15 3
Sundry debtors		23,056	7 8	308,706	16 8	22,572	0 7	—	—	—	—	—	—	354,334	4 11
Sundry creditors		78,987	10 0	7,102	0 0	—	—	—	—	—	—	—	—	86,089	10 0
Prepaid expenses		—	—	—	—	172	3 1	—	—	—	—	—	—	172	3 1
On deposit:—															
In the United Kingdom		6,150,000	0 0	9,080,000	0 0	—	—	—	—	—	—	—	—	15,230,000	0 0
Abroad		390,859	6 3	—	—	66,710	0 3	—	—	—	—	—	—	457,569	6 6
In hand and on current account:—															
In the United Kingdom		1,197,249	0 5	4,439,094	19 11	182,019	2 4	61,517	7 0	76,273	6 6	10,094	2 1	5,966,247	18 3
Abroad		652,705	12 5	4,986	9 4	8,801	10 10	—	—	—	—	—	—	668,444	12 7
		130,154,890	3 9	218,585,013	11 9	8,247,747	2 9	2,926,129	3 4	4,730,448	10 11	260,850	7 8	394,854,530	0 2

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, 1940, 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 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 shown in the accounts of subsidiary companies made up to a date within the year ended 31st December, 1940, or in the last previous accounts which became available within that year, have been included in this Company's revenue accounts to the extent of the dividends received.

GEORGE L. BARSTOW,
G. P. HARBEN,
J. ROY LANCASTER, } 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, 1940. 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 we have verified as at the 31st December, 1940, 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 at 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 and in such territories by Bankers; and Loans to and current balances due from Subsidiary Companies in enemy occupied and other Continental Countries have also not been confirmed. Subject thereto, the Mortgages, Loans, Investments, Deposits and Cash so examined or confirmed by us, together with those appearing in the cabled Balance Sheet received from Overseas Branches, represent the Mortgages, Loans, Investments, Deposits and Cash set out in the above Balance Sheet as at 31st December, 1940.

DELOITTE, PLENDER, GRIFFITHS & CO.,
Chartered Accountants
5, London Wall Buildings, E.C.4. P00022116

11th March, 1941.

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



Directors' Report
and
Statement of Accounts
at 31st December, 1940

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 3rd day of April, 1941, at Two o'clock in the afternoon precisely, for receiving the Report of the Directors, for electing Directors and Auditors for the ensuing year, for approving the repayment to Directors of expenses incurred in or about the business of the Company, 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,
C. W. A. RAY,
Joint Secretaries.

18th March, 1941.

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.