

THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

(INCORPORATED IN ENGLAND.)

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

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, 1946, at Two o'clock in the afternoon precisely, for receiving the Report of the Directors and Statement of Accounts for the year ended 31st December, 1945, for re-appointing the President, for electing Directors, for appointing Auditors for the ensuing year and fixing their remuneration, 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,

C. W. A. RAY,

L. BROWN,

Joint Secretaries.

19th March, 1946.

N.B.—The attention of those Shareholders concerned is drawn to the following Extract from the 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.

NINETY-SEVENTH ANNUAL REPORT

Year ending 31st December, 1945.

President: SIR JOSEPH BURN, K.B.E., F.I.A., F.S.I.

Directors:

Chairman: SIR GEORGE LEWIS BARSTOW, K.C.B.

Deputy-Chairmen: GUY PHILIP HARBEN, O.B.E.
ERNEST DEWEY.

EDWARD JOSEPH WILLIAM BORRAJO, M.B.E., A.I.A.

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

PERCY CHARLES CRUMP, O.B.E., F.I.A.

SIR NIGEL GEORGE DAVIDSON, C.B.E.

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

JOHN ROY LANCASTER.

HERBERT HARVEY MOSELEY, B.C.L.

COLONEL PERCY LESTER REID, C.B.E.

SIR GEORGE STUART ROBERTSON, K.C.

ERNEST FRANK SPURGEON, F.I.A.

Joint Secretaries: C. W. A. RAY, A.L.A.A. L. BROWN, F.I.A.

Assistant Secretary: A. J. MILLER, M.C.

Actuary: W. F. GARDNER, F.I.A.

Assistant Actuaries: W. E. HUSTWITT, F.I.A. C. G. MARSHALL, F.I.A. J. N. SHINE, F.I.A.

Assistant General Managers: W. E. G. BURGE. H. C. HARVEY. C. G. IZARD. F. W. MORTON, M.C., F.I.A.

Deputy General Managers: F. H. GARRAWAY, O.B.E., M.C. H. S. LANE, M.C. R. S. THORP.

General Manager: F. W. MORGAN, M.C.

THE DIRECTORS have the honour to submit their Report and Accounts for 1945.

The Accounts are presented in the same form as last year, the revenue accounts for the Common and Special contingency funds and the Share Premium account again being omitted. A sum of £35,000 has been charged against the Share Premium account for payments relating to extension of business abroad; a profit of £16,245 realised on the sale of an investment has been credited to the account.

The Assets of the Company amount to £439,699,009 as compared with £420,673,791 at 31st December, 1944.

The Income from all sources during 1945 was £68,017,691 as compared with £64,690,466 in 1944.

ORDINARY BRANCH

The number of life assurance policies issued during the year was 70,548 assuring the sum of £30,805,198 and producing an annual premium income of £1,577,904.

The total of the revenue premiums and consideration for annuities granted was £17,982,941. The claims for the year amounted to £12,680,959. There were death claims for sums assured, including bonuses, of £2,843,697 and matured endowments for sums assured, including bonuses, of £9,837,262.

The Directors have decided that the Ordinary branch contingency fund of £5,025,000, set up out of profits during the war, is no longer required and have now applied the whole of this fund as profits in accordance with Article 133 of the Company's Articles of Association.

The surplus of the year is £3,249,408 including the sum of £312,795 brought forward from last year, which together with the sum of £5,025,000 transferred from the Ordinary branch contingency fund amounts to a total of £8,274,403. This has been allocated as follows:—

	£
To Investment reserve fund	350,000
To bonus to participating policyholders	6,939,981
To dividend to holders of A shares	733,109
To Special contingency fund	33,000
To be carried forward	213,318

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, 1945, a reversionary bonus calculated on the original participating sum assured shall be added at the following rate:—

In respect of policies issued in the year 1945	£1	} per £100 original participating sum assured.
" " " " " " " " " 1944	£2	
" " " " " " " " " 1943	£3	
" " " " " " " " " 1942	£4	
" " " " " " " " " 1941 or earlier	£5	

Where the original participating sum assured is Stock, the bonus will be in Stock at the same rate per £100 Stock.

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

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JNT
£
975,514
398,017
878,581
911,106
115,885
125,000
121,851
626,223
750,000
966,252
678,111
264,634
927,593
81
£
256,847
98,221
149,262
853
25,137
2,272
35,299
48
57
80
88
65
16
92
96
55
81
27
19
38
58
10,589
90,083
78,003
£
19,882
11,854
1,319
8,233
125
1,425
3,453
14,791
£
3,095
5,999
5,244
8,276
0,785
8,741
8,000
8,785
8,925

INDUSTRIAL BRANCH.

The number of policies issued during the year was 1,335,379 assuring a sum of £52,940,718. The number of policies becoming free policies during the year was 305,490. The number of free policies which became claims was 194,640.

The revenue premiums for the year were £30,256,757. The sum of £18,284,637, which includes £3,031,721 by way of bonus, became payable during the year in respect of death claims, matured endowments and surrenders.

The Directors have decided that the Industrial branch contingency fund of £11,100,000, set up out of profits during the war, is no longer required and have now applied the whole of this fund as profits in accordance with Article 133 of the Company's Articles of Association.

The surplus of the year is £5,868,756 including the sum of £437,083 brought forward from last year, which together with the sum of £11,100,000 transferred from the Industrial branch contingency fund amounts to a total of £16,968,756. This has been allocated as follows:—

To Investment reserve fund	750,000
To bonus to participating policyholders	11,875,000
To dividend to holders of A shares	678,111
To bonus to members of outdoor staff	626,223
To Special contingency fund	1,968,252
To be carried forward	1,078,170

In accordance with the intention expressed at the Extraordinary General Meeting of the Company on 6th December, 1945, the Directors have exercised the discretion given to them by Article 134 and have recouped to the Special contingency fund the whole amount which would otherwise have been distributable to the shareholders and the outdoor staff upon the application of the Industrial branch contingency fund as profits. The amount so recouped is £1,729,252, and is included in the above allocation to the Special contingency fund.

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 £75,393,575.

The expenses in this branch amount to 23.52 per cent. of the premiums.

The Directors have declared that in respect of participating policies issued by the Prudential out of the Industrial branch which were premium paying policies in Great Britain or Northern Ireland on 31st December, 1945, there shall be added to the original sum assured at death or maturity of endowment a reversionary bonus calculated on the original participating sum assured at the following rate:—

In respect of policies issued in the year 1945	on completion of payment of one year's premiums ...	16s.	} per £100 original participating sum assured.
In respect of policies issued in the year 1944	£1 12s.	
" " " " " " " " 1943	£2 8s.	
" " " " " " " " 1942	£3 4s.	
" " " " " " " " 1941 or earlier	£4 0s.	

Where the original participating sum assured is Stock the bonus will be in Stock at the same rate per £100 Stock.

The 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.

The declaration also provides that in the case of Industrial branch policies transferred from other Companies which terminate on becoming claims by death or maturity of endowment during the year 1946, and which are premium paying policies in Great Britain or Northern Ireland at the date of the event giving rise to the claim there shall be paid as part of the claim a bonus on the sum otherwise payable as follows:—

Premiums paid for:—Less than 10 years, amount of claim increased by £5 per cent.; 10 years and less than 15 years, £7 10s. per cent.; 15 years and upwards, £10 per cent.

GENERAL BRANCH.

The revenue premiums for the year, after deduction of the reinsurances, were £3,484,872. These figures do not include the re-insurance business written by the Company's American subsidiary, The Prudential Insurance Company of Great Britain located in New York.

The Company undertakes 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 £89,000,000.

The surplus is £441,483, including the sum of £178,680 brought forward from last year, and has been allocated as follows:—

To Investment reserve fund	40,000
To Additional reserve fund	100,000
To dividends to holders of A shares and B shares	116,687
To be carried forward	184,816

The valuation of the contracts in all branches has been made by Mr. W. F. Gardner, F.I.A., upon the bases stated in his valuation report.

The Directors have declared a final dividend on the A shares, which this year includes a non-recurring amount. The amount available from the normal profits of the Ordinary, Industrial and General branches for the year 1945 is 11s. 5d. per share which, together with the Interim Dividend of 2s. 6d. per share paid in September, 1945, makes a total of 13s. 11d. per share as compared with 13s. 10d. last year. The non-recurring amount is 9s. per A share and is derived from the Ordinary branch; this corresponds to the allocations now made to Ordinary branch policyholders for reversionary bonuses for the years 1941–1944 inclusive. The final dividend is therefore 20s. 5d. per A share of which 15s. 5d. will be payable on 5th April, 1946, to the shareholders who are on the register on 4th April, 1946, and 5s. on 19th September, 1946, to the shareholders who are on the register on 19th September, 1946. Of the total dividend on the A shares, 5.6d. is derived from the profits of the General branch. To eliminate a fraction of a penny in the dividend, the sum of £3,095 is being carried forward in account for the A shareholders in accordance with Article 129 of the Company's Articles of Association.

The Directors have also declared a dividend on the B shares out of the General branch profits at the rate of 1s. 9d. per share, payable on 5th April, 1946, to the shareholders who are on the register on 4th April, 1946.

The dividends now declared on both the A and B shares are payable free of income tax.

The Directors retiring by rotation are MR. ERNEST DEWEY, COL. PERCY LESTER REID, C.B.E., MR. HERBERT HARVEY MOSELEY, B.C.L., and SIR GEORGE STUART ROBERTSON, K.C., who offer themselves for re-election. SIR LAURENCE NUNNS GUILLEMARD, G.C.M.G., K.C.B., who has been a Director of the Company since 1929, has tendered his resignation. This will take effect from the 4th April next and the Directors recommend that SIR JOHN SEROCOLD PAGET MELLORE, Bart., M.P., be elected a Director of the Company to fill the vacancy thus created.

At the Extraordinary General Meeting of the Company held on 6th December, 1945, the Directors announced their intention to recommend that MESSRS. DELOITTE, PLENDER, GRIFFITHS & Co. be entrusted with the full audit of the Company's Accounts, and the Shareholders will be asked to appoint MESSRS. DELOITTE, PLENDER, GRIFFITHS & Co. as the Company's Auditors. Accordingly the retiring Auditors, MAJOR LAWRENCE WILFRED BIRD, D.S.O., O.B.E., and SIR JOHN SEROCOLD PAGET MELLORE, Bart., M.P., do not seek re-election.

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

GEORGE L. BARSTOW,

Chairman.

HOLBORN BAIRS,

12th March, 1946.

REPORT OF THE AUDITORS APPENDED TO THE BALANCE SHEET.

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.

12th March, 1946.

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

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, 1945. We have also examined the Deeds, Stock and Share Certificates and Bonds in possession of the Company at Chief Office. With the exceptions noted below, we have confirmed as at the 31st December, 1945, by Certificates of Bankers or other Depositories the securities in their custody and by Certificates of Brokers the securities purchased but not delivered and by Certificates from Bankers or audited Accounts from Divisional Centres Cash held for account of Chief Office and District Offices. We have been unable to obtain confirmation in respect of certain Mortgages, Loans, Investments and Cash lodged in enemy territory, or in territories formerly occupied by the enemy. Subject thereto, the assets so examined or confirmed by us, together with those appearing in the Balance Sheets of Overseas Branches as at 31st December, 1945, received by cable, represent the Mortgages, Loans, Investments and Cash set out in the above Balance Sheet.

DELOITTE, PLENDER, GRIFFITHS & CO.,

Chartered Accountants.

12th March, 1946.

5, London Wall Buildings, London, E.C.2.

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ORDINARY BRANCH REVENUE ACCOUNT for the Year ending 31st December, 1945.

INDUSTRIAL BRANCH REVENUE ACCOUNT for the Year ending 31st December, 1945.

LIFE ASSURANCE BUSINESS. Table with columns for Fund at beginning of year, Premiums, Interest and dividends, and Claims paid and outstanding.

INDUSTRIAL ASSURANCE BUSINESS. Table with columns for Fund at beginning of year, Premiums, Interest and dividends, and Claims paid and outstanding.

During the year 70,548 policies were issued for a sum assured of £30,805,198 with yearly renewal premium income of £1,577,904. The amount received in single premiums was £160,099.

The number of policies issued during the year was 1,335,379 assuring a sum of £52,940,718.

GENERAL BRANCH REVENUE ACCOUNTS for the Year ending 31st December, 1945.

FIRE INSURANCE BUSINESS. Table with columns for Fund at beginning of year, Premiums, Interest and dividends, and Claims paid and outstanding.

MOTOR VEHICLE INSURANCE BUSINESS. Table with columns for Fund at beginning of year, Premiums, Interest and dividends, and Claims paid and outstanding.

SICKNESS AND ACCIDENT INSURANCE BUSINESS. Table with columns for Fund at beginning of year, Premiums, Interest and dividends, and Payments under policies.

MISCELLANEOUS INSURANCE BUSINESS. Table with columns for Fund at beginning of year, Premiums, Interest and dividends, and Claims paid and outstanding.

EMPLOYERS' LIABILITY INSURANCE BUSINESS. (transacted within the United Kingdom.) Table with columns for Fund at beginning of year, Premiums, Interest and dividends, and Payments under policies.

SINKING FUND INSURANCE BUSINESS. Table with columns for Fund at beginning of year, Premiums, Interest and dividends, and Claims paid and outstanding.

MARINE INSURANCE BUSINESS. Table with columns for Fund at beginning of year, Premiums, Interest and dividends, and Claims paid and outstanding.

PROFIT & LOSS ACCOUNT at 31st December, 1945.

PROFIT & LOSS ACCOUNT at 31st December, 1945. Table with columns for Ordinary and Industrial Branches, General Branch, and Final dividend.

