

# 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 1st day of April, 1948, 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, 1947, for electing Directors, for re-appointing the President, for considering and, if thought fit, passing a resolution designed to maintain at its present rate the remuneration of the Chairman, Deputy Chairmen and Directors after the coming into force of Section 34 of the Companies Act, 1947 (which prohibits payment of directors' remuneration calculated by reference to the standard rate of income tax), 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.

16th March, 1948.

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-NINTH ANNUAL REPORT

Year ending 31st December, 1947.

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

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.R.I.C.S.

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

SIR NIGEL GEORGE DAVIDSON, C.B.E.

JOHN ROY LANCASTER.

SIR JOHN SEROCOLD PAGET MELLOR, Bart., M.P.

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 Secretaries: H. G. CLARKE, B.Sc., F.I.A. A. F. MURRAY, M.A., F.I.A.

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

Assistant Actuaries: H. J. BRISCOE, F.I.A. F. M. REDINGTON, M.A., F.I.A. J. N. SHINE, F.I.A.

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

Deputy General Managers: F. H. GARRAWAY, O.B.E., M.C. R. S. THORP. K. A. USHERWOOD, M.A., F.I.A.

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

THE DIRECTORS have the honour to submit their Report and Accounts for 1947.

The Assets of the Company amount to **£502,003,240** as compared with **£471,716,725** at 31st December, 1946.

The Income from all sources during 1947 was **£84,626,585** as compared with **£76,245,614** in 1946.

### ORDINARY BRANCH.

The number of life assurance policies issued during the year was **168,793** assuring the sum of **£99,688,793** and producing an annual premium income of **£4,600,568**.

On 31st December, 1947, the number of life assurance policies in force was **1,204,014** assuring with bonus **£494,245,159** and producing an annual premium income of **£21,368,783**. The immediate annuities payable were **14,749** in number and amounted to **£1,034,584** per annum. In addition there were **£35,029** deferred and contingent annuities securing **£6,657,435** per annum and producing an annual premium income of **£3,593,865**.

The revenue premiums for the year were **£25,098,951** and the consideration for immediate annuities granted was **£38,399**. The claims for the year amounted to **£11,102,582**. There were death claims for sums assured, including bonuses, of **£2,838,626** and matured endowments for sums assured, including bonuses, of **£8,213,956**.

The surplus is **£3,587,517**, including the sum of **£482,687** brought forward from last year, and has been allocated as follows:—

	£
To bonus to participating policyholders ... ..	2,240,982
To dividend to holders of A shares ... ..	236,996
To Special contingency fund ... ..	12,000
To be carried forward ... ..	1,097,559

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, 1947, there shall be added a reversionary bonus calculated on the original participating sum assured at the rate of **£1 per £100** original participating sum assured.

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.

### INDUSTRIAL BRANCH.

The number of policies issued during the year was **2,166,051** assuring the sum of **£103,545,573**. The number of policies becoming free policies during the year was **371,523**. The number of free policies which became claims was **272,169**.

The number of policies in force on 31st December, 1947, including **5,557,990** free policies, was **31,827,111**, under which the maximum sum assured, together with declared bonus, was **£862,177,325**. These policies produce an annual premium income of **£37,775,597**.

The revenue premiums for the year were **£35,642,103**. The claims for the year amounted to **£17,374,917**. There were death claims for sums assured, including bonuses, of **£9,583,287** and matured endowments for sums assured of **£7,791,630**.

The surplus is **£6,998,376**, including the sum of **£1,029,611** brought forward from last year, and has been allocated as follows:—

	£
To bonus to participating policyholders ... ..	3,720,561
To dividend to holders of A shares ... ..	701,051
To bonus to members of outdoor staff... ..	620,094
To Special contingency fund ... ..	265,000
To be carried forward ... ..	1,691,670

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 **£82,560,922**.

The expenses in this branch were **24.84** 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, 1947, there shall be added as from 1st January, 1948, or on completion of payment of one year's premiums (whichever shall be the later) to the original sum assured at death or maturity of endowment a reversionary bonus at the rate of **16s.** per **£100** original participating sum assured.

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 1948, 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 of the sum otherwise payable at the rate of **£7 10s.** per cent. if premiums have been paid for less than **15 years**, and **£10** per cent. if premiums have been paid for **15 years** or upwards.

#### GENERAL BRANCH.

A change has been made this year in the method of dealing in the accounts with interest and taxes. With the exception of interest on the long term contracts in the Sinking Fund and Sickness and Accident accounts, all interest has been carried and taxes have been charged to the General branch Profit and loss account, instead of being allocated to the separate revenue accounts as in previous years. For greater clarity a separate General branch Profit and loss account is shown in which are given for comparison the figures for 1946 as they would have appeared under the revised method of accounting.

The revenue premiums for the year, after deduction of the reinsurances, were **£5,487,103**. 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 number of sinking fund policies in force on 31st December, 1947, was **193**, insuring capital sums of **£5,795,881** and producing an annual premium income of **£70,881**.

The amount of debentures, debenture stocks and estates for which the Company acts as trustee exceeded **£73,000,000** at the end of the year.

The surplus is **£361,569**, including the sum of **£184,810** brought forward from last year, and has been allocated as follows:—

	£
To Additional reserve fund ... ..	100,000
To dividends to holders of A shares and B shares ... ..	100,000
To be carried forward ... ..	161,569

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 in respect of the year 1947 a dividend on the A shares of **15s. 5d.** per share, of which **10s. 5d.** will be payable on 2nd April, 1948, to the shareholders who are on the register on 1st April, 1948, and **5s.** on 16th September 1948, to the shareholders who are on the register on 16th September, 1948. Of the total dividend on the A shares, **4.8d.** derived from the profits of the General branch.

The Directors have also declared a dividend on the B shares out of the General branch profits of **1s. 6d.** per share, payable on 2nd April, 1948, to the shareholders who are on the register on 1st April, 1948.

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

The retiring Directors are **SIR JOSEPH BURN, K.B.E., F.I.A., F.R.I.C.S., SIR NIGEL GEORGE DAVIDSON, C.B.E., MR. ERNEST FRANK SPURGEON, F.I.A.,** and **MR. EDWARD JOSEPH WILLIAM BORRAJO, M.B.E., A.I.A.,** who offer themselves for re-election.

The Auditors, **MESSRS. DELOITTE, PLENDER, GRIFFITHS & Co.,** offer themselves for re-appointment.

GEORGE L. BARSTOW,

*Chairman.*

HOLBORN BARS,  
9th March, 1948.

#### COMMON CONTINGENCY FUND ACCOUNT for the year ending 31st December, 1947.

	£		£
Fund at beginning of year ... ..	3,217,460	Taxation in respect of 1947 account:—	
Interest and dividends ... ..	103,557	Profits tax ... ..	2,400
		Income tax ... ..	45,700
		Fund at end of year ... ..	3,272,217
	<b>£3,321,007</b>		<b>£3,321,007</b>

#### SPECIAL CONTINGENCY FUND ACCOUNT for the year ending 31st December, 1947.

	£		£
Fund at beginning of year ... ..	6,056,811	Taxation in respect of 1947 account:—	
Interest and dividends ... ..	187,500	Profits tax ... ..	9,400
Transfers from:—		Income tax ... ..	107,400
Ordinary branch Revenue account ... ..	12,000	Fund at end of year ... ..	6,403,211
Industrial branch Revenue account ... ..	285,000		
	<b>£6,521,111</b>		<b>£6,521,111</b>



**INDUSTRIAL BRANCH REVENUE ACCOUNT for the Year ending 31st December, 1947.**

**INDUSTRIAL ASSURANCE BUSINESS.**

		£			£
	Fund at beginning of year		282,006,103	Claims paid and outstanding—	
1,626	Premiums		35,642,103	By death	9,583,287
1,956				By maturity	7,791,630
	Interest, dividends and rents (less amount written off terminable securities)	£10,937,259			17,374,917
1,582				Surrenders	1,889,444
1,144	Deduct Income tax less estimated rebate in respect of 1947	1,170,549	9,766,710	Expenses of management	8,852,179
1,423				Profits tax	270,000
1,678	Arrears of interest received from investments in enemy and formerly enemy-occupied territories	£33,212		War damage contributions	14,649
1,869	Less Income tax	12,455	20,757	Bonus allocation to Company's outdoor staff	620,094
1,707				Transfers to—	
1,000				Special contingency fund	265,000
1,996				Profit and loss account	701,051
1,481				Fund at end of year	297,448,339
			<u>£327,435,673</u>		<u>£327,435,673</u>

The number of policies issued during the year was 2,166,061 assuring a sum of £108,548,578.

**UNITS for the Year ending 31st December, 1947.**

**LIFE INSURANCE BUSINESS.**  
(within the United Kingdom.)

		£
	Payments under policies, including medical and legal expenses	108,360
	Commission	23,019
	Expenses of management	67,476
17,202	Transfer to Profit and loss account	13,419
78,320	Fund at end of year:—	
	Reserve for unexpired risks, being 40 per cent. of the premium income of the year	£111,328
	Estimated liability, outstanding claims	191,920
		<u>303,248</u>
		<u>£515,522</u>

**MISCELLANEOUS INSURANCE BUSINESS.**

		£			£
	Fund at beginning of year—			Claims paid and outstanding	375,008
	Reserve for unexpired risks	£277,852		Commission	145,202
	Add adjustment in exchange	6	277,858	Expenses of management	227,066
				Transfer to Profit and loss account	69,130
	Premiums		848,509	Fund at end of year:—	
	Trustee and executor fees		29,442	Reserve for unexpired risks, being 40 per cent. of the premium income of the year	339,403
			<u>£1,155,809</u>		<u>£1,155,809</u>

**GENERAL INSURANCE BUSINESS.**

		£
	Claims paid and outstanding	668,077
	Commission	164,740
	Expenses of management	248,051
	Fund at end of year:—	
4,768	Reserve for unexpired risks, being 40 per cent. of the premium income of the year	£443,124
7,810	Reserve for motor vehicles laid up	21,765
3,179		<u>464,889</u>
		<u>£1,545,757</u>

**SINKING FUND INSURANCE BUSINESS.**

		£			£
	Fund at beginning of year		2,188,165	Claims paid and outstanding	75,734
	Premiums		71,826	Surrenders	19,267
	Interest and dividends		66,239	Commission	981
				Expenses of management	1,437
				Transfer to Profit and loss account	437
				Fund at end of year	2,238,374
			<u>£2,326,230</u>		<u>£2,326,230</u>

**MARINE, AVIATION and TRANSIT INSURANCE BUSINESS.**

	Current Year.	Preceding Year.	Previous Years.	Total.
	£	£	£	£
Commission, returns and interest on hull risks	229,144	137,895	379,120	517,015
		21,293	—3,715	246,722
			100	100
				<u>£763,837</u>

	Current Year.	Preceding Year.	Previous Years.	Total.
	£	£	£	£
Claims paid (less salvages, refunds and reinsurance recoveries)	59,834	59,607	45,369	164,710
Expenses of management	11,591	940	—	12,531
Agency expenses	2,692	486	314	3,472
Agents and other profit commissions	—	2,289	17,290	19,579
Loss on exchange	88	—	—	88
Transfer to Profit and loss account	—	—	49,000	49,000
Fund at end of year	154,939	95,986	263,532	514,457
				<u>£763,837</u>

**GENERAL BRANCH**

**PROFIT AND LOSS ACCOUNT for the Year ending 31st December, 1947.**

	1946.		1946.	
	184,116	£	184,810	£
142	Balance brought forward from previous year		45,066	Taxation:—
	Transfers from Revenue accounts:—		17,202	Overseas taxes
15,475	Fire	£32,767		Profits tax
4,895	Sickness and accident	94,107	184,667	Income tax
3,740	Employers' liability	13,419	100,000	Transfer to Additional reserve fund
1,359	Miscellaneous	69,130	29,167	Provision for dividend (free of income tax) to holders of A shares in respect of 1947
11,915	Sinking fund	437		Provision for dividend (free of income tax) to holders of B shares in respect of 1947
62,487	Marine	49,000	184,810	Balance carried to Balance sheet
87,653	Less Transfer to Motor vehicle Revenue account	53,179		
222,738			205,681	
189,832	Interest and dividends not carried to other accounts	204,265	87,500	
	Arrears of interest received from investments in enemy and formerly enemy occupied territories			
8,435	Accrued interest (less income tax) not previously taken into account			
42,591				
		<u>£594,756</u>	<u>£648,412</u>	
21	£648,412			

with the method of presentation adopted for 1947.

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LIABILITIES.	Ordinary Branch.	Industrial Branch.	General Branch.	Common Contingency Fund.	Special Contingency Fund.	Total.
	£	£	£	£	£	£
Authorized and Issued capital:—						
1,250,000 A shares of £1 each, fully paid	—	1,250,000	—	—	—	1,250,000
1,000,000 B shares of £1 each, 4s. paid	—	—	200,000	—	—	200,000
Contingency funds	—	—	200,000	3,272,723	6,403,306	10,066,118
Profit and loss account—balances carried forward	—	4,479	161,569	—	—	166,048
Life assurance fund, Ordinary branch	177,040,481	—	—	—	—	177,040,481
Industrial assurance fund	—	297,448,339	—	—	—	297,448,339
General branch insurance funds:—						
Fire	—	—	1,015,907	—	—	1,015,907
Sickness and accident	—	—	646,694	—	—	646,694
Employers' liability	—	—	303,248	—	—	303,248
Motor vehicle	—	—	464,839	—	—	464,839
Miscellaneous	—	—	339,408	—	—	339,408
Sinking fund	—	—	2,228,374	—	—	2,228,374
Marine	—	—	514,457	—	—	514,457
Additional reserve	—	—	1,630,000	—	—	1,630,000
Current Liabilities and Provisions:—						
Claims admitted or intimated but not paid, less amounts recoverable under reinsurances:—						
Life	1,738,743	439,573	—	—	—	2,178,316
Fire	—	—	637,844	—	—	637,844
Motor vehicle	—	—	537,399	—	—	537,399
Miscellaneous	—	—	309,217	—	—	309,217
Sinking fund	—	—	570	—	—	570
Annuities due and unpaid	19,252	—	—	—	—	19,252
Outstanding commission and expenses	449,042	192,268	61,196	—	—	702,496
Premiums received in advance	118,184	—	26	—	—	118,210
Amounts due on reinsurance account:—						
Fire	—	—	222,190	—	—	222,190
Sickness and accident	—	—	1,330	—	—	1,330
Employers' liability	—	—	655	—	—	655
Miscellaneous	—	—	50,646	—	—	50,646
Marine	—	—	4,159	—	—	4,159
Amounts due to subsidiary companies	—	100	41,239	—	—	41,339
Bonus allocation to members of Company's outdoor staff	2020,094	—	—	—	—	2,020,094
Less balance brought forward	416	—	—	—	—	416
Unclaimed dividends	—	619,678	—	—	—	619,678
Other creditors	—	1,113	87	—	—	1,200
Sundry brokers for investments purchased	164,321	181,823	32,010	—	—	378,154
Provision for:—						
Overseas taxes	22,217	—	11,231	—	—	33,448
Profits tax	71,302	235,633	33,474	10,274	22,679	473,362
Income tax—United Kingdom	155,244	—	202,129	17,239	27,293	494,695
War damage contribution	4,239	37,500	—	—	—	41,739
Dividends declared	292,996	701,546	100,000	—	—	1,094,542
NOTES.						
Installments on investments held due after 31st December, 1947	—	—	—	—	—	980,000
Commitments for settlement after 31st December, 1947	—	—	—	—	—	1,450,000
Uncalled capital on investments held	—	—	—	—	—	3,120,000
Reserve liability on shares, etc.	—	—	—	—	—	2,475,000
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 or under market value, if quoted), mortgages, property and cash:—						
Australia	—	—	—	—	—	45,000
Canada	—	—	—	—	—	4,121,000
Egypt	—	—	—	—	—	294,500
India	—	—	—	—	—	14,000
Newfoundland	—	—	—	—	—	22,000
New Zealand	—	—	—	—	—	42,000
Palestine	—	—	—	—	—	1,200
Poland	—	—	—	—	—	200
South Africa	—	—	—	—	—	12,500
Southern Rhodesia	—	—	—	—	—	5,000
	£ 180,509,751	201,532,090	10,203,001	3,300,385	6,453,073	502,003,240

I certify that in my belief the liabilities in respect of long term business do not exceed the amounts of the respective funds and all other liabilities in respect of long term business as shown in the Balance Sheet.

W. F. GARDNER, Actuary.

A share—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.

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, 1947, and on the basis of such prices we certify that in our belief the assets set forth in the Balance Sheet are in the aggregate in excess of the value stated therein.

We certify that in our belief the value of the assets exceeds the amount of the liabilities computed in accordance with the provisions of sub-section (2) of Section 3 of the Assurance Companies Act, 1946, by the amount required by sub-section (1) of that Section. The liabilities in respect of long term business have been taken at the amounts of the respective funds and all other liabilities in respect of long term business as shown in the Balance Sheet.

Certain of the properties owned by or mortgaged to the Company have been damaged by enemy action and claims under the War Damage Act 1943 have been submitted in cases where that Act applies.

Specific deposits of life assurance assets of the 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 law 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.

The gross amount of the Directors' remuneration for the year was £60,357.

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, 1947, 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

REPORT OF THE AUDITORS

We have examined the above Balance Sheet with the books at Chief Office in which have been incorporated the returns from Divisional Centres and District Offices and from Overseas Branches. Confirmations have not been received in respect of certain Mortgages, Loans, Investments and Cash lodged in enemy territory or in territories formerly occupied by the enemy. Subject thereto we have obtained all the information and explanations we have required and report that in our opinion the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs at the 31st December, 1947, 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 purpose other than 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.

	ASSETS.	Ordinary	Industrial	General	Common	Special	Total
		Branch.	Branch.	Branch.	Contingency	Contingency	
		£	£	£	£	£	£
	<b>Mortgages:—</b>						
000	On property within the United Kingdom ... ..	5,688,209	1,948,016	—	—	—	6,636,225
000	On property within Eire ... ..	1,180	—	—	—	—	1,180
118	On property out of the United Kingdom ... ..	1,062,635	79,812	400	—	—	1,062,947
	<b>Loans:—</b>						
048	On parochial and other public rates ... ..	985,544	7,617,069	—	—	—	8,602,613
	On Life interests ... ..	51,912	—	—	—	—	51,912
481	On Stocks and shares ... ..	1,415,710	4,300,000	150,000	—	—	5,865,710
	On Company's policies within their surrender values ... ..	2,386,963	—	—	—	—	2,386,963
339	Without specific security ... ..	12,744	4,688	—	—	—	17,432
	To subsidiary companies ... ..	337,396	602,440	—	—	—	940,336
	<b>Investments:—</b>						
	Deposits with the High Court:—						
	3½% War Stock... ..	16,000	—	20,500	—	—	36,500
	3% Savings Bonds 1965/75 ... ..	—	—	23,217	—	—	23,217
802	Deposits with the Supreme Court of Judicature in Eire:—						
	3½% War Stock ... ..	18,700	—	—	—	—	18,700
	British Government and Government guaranteed securities	78,896,483	154,936,668	3,112,639	2,755,071	4,429,660	244,129,530
	Debentures in subsidiary company issued under the Trade					444,361	444,361
	Facilities Acts ... ..	—	—	—	—	—	—
	Municipal and county securities, United Kingdom ... ..	2,095,659	2,307,309	793,313	196,667	736,075	6,629,022
	Public Board securities ... ..	2,398,268	4,271,405	240,721	122,600	50,000	7,062,992
	Dominion and Colonial Government securities ... ..	10,648,119	3,358,222	786,617	57,300	374,607	15,224,865
	Dominion provincial securities ... ..	317,598	—	31,923	—	—	397,118
315	Dominion and Colonial municipal securities ... ..	1,003,418	373,458	68,323	—	—	1,445,199
	Foreign Government securities ... ..	1,739,408	1,770,302	321,205	—	—	3,831,515
	Foreign provincial securities... ..	40,973	60,458	2,700	—	—	104,131
030	Foreign municipal securities... ..	78,262	184,223	29,370	—	—	291,855
	Debentures and debenture stocks and gold and sterling						
252	bonds—home and foreign ... ..	17,690,825	27,597,127	1,694,447	111,018	—	47,093,417
496	*Preference and guaranteed stocks and shares ... ..	16,794,512	24,691,953	720,255	—	—	42,206,720
210	Preference shares in subsidiary companies ... ..	50,700	114,300	—	—	—	165,000
	Ordinary stocks and shares... ..	20,168,850	31,119,151	213,886	—	—	51,501,887
	*Ordinary shares in subsidiary companies (at or under cost)	172,126	354,221	367,777	—	—	894,124
	Rent charges ... ..	28,681	—	—	—	—	28,681
1,028	Freehold ground rents and feu duties ... ..	350,806	3,140,494	—	—	—	3,491,100
	Leasehold ground rents ... ..	25,895	2,079	—	—	—	27,974
	<b>House Property:—</b>						
1,889	Office premises (at cost, less amounts written off):—						
	In the United Kingdom—Freehold ... ..	—	3,642,427	—	—	—	3,642,427
	—Leasehold ... ..	—	94,170	—	—	—	94,170
	Out of the United Kingdom ... ..	650,434	—	—	—	—	650,434
9,678	Other property:—						
1,200	In the United Kingdom—Freehold ... ..	4,511,919	8,169,344	—	—	—	12,681,263
3,654	—Leasehold ... ..	2,009,871	5,141,477	—	—	—	7,241,248
3,309	Out of the United Kingdom ... ..	294,630	152,398	—	—	—	447,028
1,248	Life interests ... ..	29,381	—	—	—	—	29,381
3,412	Reversions ... ..	16,712	—	—	—	—	16,712
2,500	<b>Debtors prepayments and amounts accrued:—</b>						
1,889	Deposits at interest at home and abroad ... ..	220,613	190,000	174,265	—	—	584,878
3,542	Agents' balances ... ..	—	—	597,214	—	—	597,214
	Commission paid in advance ... ..	494,880	—	—	—	—	494,880
	Outstanding premiums ... ..	895,057	747,740	212,996	—	—	1,855,793
	Outstanding interest, dividends, rents and fees ... ..	234,222	194,778	457	—	—	399,557
	Interest, dividends, rents and fees accrued... ..	912,450	1,439,446	40,909	—	—	2,392,805
	Amounts due on reinsurance account ... ..	—	—	421,291	—	—	421,291
	Amounts due from subsidiary companies ... ..	—	—	16,227	—	—	16,227
	Sundry brokers for investments sold ... ..	404,588	237,942	4,493	—	—	646,023
	Estimated income tax recoverable ... ..	1,808,000	3,614,000	—	—	—	5,422,000
	Other debtors ... ..	38,469	236,654	15,981	—	—	291,104
	<b>Balances at Bankers and Cash in hand:—</b>						
	On deposit:—						
	In the United Kingdom... ..	1,700,000	3,560,000	—	50,000	50,000	5,850,000
	Out of the United Kingdom ... ..	476,923	—	—	—	—	476,923
	In hand and on current account:—						
	In the United Kingdom ... ..	254,293	496,540	96,743	7,729	325,744	1,181,139
	Out of the United Kingdom ... ..	1,118,266	35,119	55,033	—	—	1,208,418
	* Part of which is at the disposal of H.M. Government—						
	Financial Powers (U.S.A. Securities) Act, 1941.						
3,240		£ 180,509,751	301,533,030	10,203,001	3,300,385	6,453,073	502,003,240

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 shown in the accounts of subsidiary companies made up to a date within the year ended 31st December, 1947, 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. The losses of four companies have been carried forward in their respective accounts. No accounts have been received from a subsidiary company in a formerly enemy-occupied territory.

**F. W. MORGAN,** *General Manager.*

**GEORGE I. BARSTOW,** *Chairman.*

**W. F. GARDNER,** *Actuary.*

**C. W. A. RAY,** **L. BROWN,** *Joint Secretaries.*

**G. F. HARBEN,** **E. DEWEY,** **G. S. ROBERTSON,** *Directors.*

9th March, 1948.

**OF THE AUDITORS TO THE MEMBERS.**

We have examined the Deeds, Stock and Share Certificates and Bonds in possession of the Company at Chief Office. With the exceptions noted above, we have confirmed as at the 31st December, 1947, 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. Subject as above, the Mortgages, Loans, Investments, Deposits and Cash so examined or confirmed by us, together with those appearing in the returns as at the 31st December, 1947, received from Overseas Branches represent the Mortgages, Loans, Investments, Deposits and Cash set out in the above Balance Sheet.

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

9th March, 1948.