

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

(INCORPORATED IN ENGLAND.)



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

One Hundred and Seventh
Annual Report
and
Statement of Accounts
Year ending 31st December, 1955.

P00003166

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

Directors :

SIR FRANK WILLIAM MORGAN, M.C., *Chairman.*
 EDWARD JOSEPH WILLIAM BORRAJO, M.B.E., A.I.A., *Deputy Chairman.*
 JOHN ANTHONY TRISTRAM BARSTOW, D.S.O., T.D.
 SIR JOHN DONALD BALFOUR FERGUSON, G.C.B.
 RT. HON. SIR PERCY JAMES GRIGG, K.C.B., K.C.S.I.
 HUBERT SAMUEL LANE, M.C.
 SIR JOHN SEROCOLD PAGET MELLOR, Bt.
 MAURICE PETHERICK, M.A.
 CHARLES WILLIAM ALLAN RAY.
 COLONEL PERCY LESTER REID, C.B.E., D.L.
 RT. HON. SIR WILLIAM PATRICK SPENS, K.B.E., Q.C., M.P.
 SIR JAMES MILLARD TUCKER, Q.C.

General Manager :

W. F. GARDNER, C.B.E., F.I.A.

Secretary and

Chief Investment Manager :

L. BROWN, F.I.A.

Deputy General Managers :

R. S. THORP.

K. A. USHERWOOD, M.A., F.I.A.

Actuary :

F. M. REDINGTON, M.A., F.I.A.

Investment Managers :

H. G. CLARKE, B.Sc., F.I.A.

A. F. MURRAY, M.A., F.I.A.

Assistant General Managers :

G. J. GOULD, A.C.I.I.

H. C. HARVEY.

F. W. HICKINBOTTOM.

F. J. H. HILL, A.C.I.I.

R. E. MONTGOMERY, A.C.I.I.

R. H. OWEN, F.I.A.

Assistant Actuaries :

H. J. BRISCOE, F.I.A.

J. EDEY, F.I.A.

W. E. H. HICKOX, F.I.A.

Assistant Secretary :

C. E. PUCKRIDGE, F.I.A.

Agency Managers :

N. P. HARRIS.

H. PROCTOR.

Group Pensions Manager :

G. T. WILLIAMS, F.I.A.

Chief Surveyor :

F. N. WALLER, F.R.I.C.S.

Solicitor :

L. W. FUNSTON.

Principal Medical Officer :

T. W. PRESTON, T.D., M.D.

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of this Company will be held at 142, HOLBORN BARS, LONDON, E.C.1, on THURSDAY, the 17th May, 1956, at 2 o'clock in the afternoon precisely for receiving the Report of the Directors and Statement of Accounts for the year ending 31st December, 1955, for re-electing and electing Directors, for fixing the remuneration of the Auditors and for the transaction of any other business proper to be transacted at such Meeting.

In connection with the re-election of Directors, special notice has been given to the Company pursuant to the Companies Act, 1948, that a separate resolution will be moved proposing the re-election of Sir Frank William Morgan, M.C., who retires by rotation and who will be aged 68 at the date of the Meeting.

By Order of the Board of Directors,

L. BROWN,
Secretary.

24th April, 1956.

A member entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company.

The attention of those shareholders concerned is drawn to the following Extract from the Articles of Association:—

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.

ONE HUNDRED AND SEVENTH ANNUAL REPORT

Year ending 31st December, 1955.

THE DIRECTORS have the honour to submit their Report and Accounts for 1955.

The Assets of the Company amount to £817,442,675, as compared with £771,531,710 at 31st December, 1954.

The Income from all sources during 1955 was £147,634,164, as compared with £138,210,385 in 1954.

ORDINARY BRANCH.

The number of life assurance policies (including new group life assurances) issued during the year was 157,180 assuring the sum of £147,843,288 and producing an annual premium income of £5,236,075. These figures include, in respect of overseas business, 47,576 policies assuring the sum of £58,405,410 and producing an annual premium income of £1,839,569. In addition, increases under existing group life assurances amounted to £6,236,844 sums assured, of which £851,838 was overseas business.

The number of life assurance policies in force on 31st December, 1955, was 1,584,238 assuring with bonus £1,109,206,609, and producing an annual premium income of £39,453,958. The immediate annuities payable were 20,252 in number and amounted to £1,626,935 per annum. In addition there were 416,741 deferred and contingent annuities securing £16,844,247 per annum and producing an annual premium income of £9,435,694.

The revenue premiums for the year were £47,854,522, including over £13,100,000 in respect of overseas business. The consideration for immediate annuities granted was £236,132. The claims for the year amounted to £17,398,433. There were death claims for sums assured, including bonuses, of £4,747,677 and matured endowments for sums assured, including bonuses of £12,650,756.

The surplus for the year is £11,269,320 which, together with £780,476, brought forward from last year, amounts to £12,049,796. This has been allocated as follows:—

	£
To Ordinary Branch contingency fund	1,000,000
To bonus to participating policyholders.. .. .	9,451,634
To Profit and loss account	787,759
To be carried forward	810,403

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The Directors have declared, for participating policies, bonuses as follows :—

ASSURANCES.

- (1) Reversionary bonuses for policies of classes issued in the United Kingdom **£2 2s.** per £100 sum assured.
- (2) Reversionary bonuses for policies of the undermentioned overseas classes
 - (a) Australia **£1 10s.** per £100 sum assured.
 - (b) New Zealand **£1 6s.** per £100 sum assured.
 - (c) Canada.. .. . **£1 14s.** per £100 sum assured.
 - (d) South Africa, the Rhodesias and Nyasaland . **£2 6s.** per £100 sum assured.
 - (e) East Africa **£1 18s.** per £100 sum assured.
 - (f) India (subject to confirmation by Indian Authorities) **£1 8s.** per £100 sum assured.
 - (g) Malaya **£1 8s.** per £100 sum assured.
 - (h) Ceylon **£1 4s.** per £100 sum assured.
 - (i) Cyprus and Malta **£2 2s.** per £100 sum assured.
 - (j) Other overseas territories **£1 0s.** per £100 sum assured.
- (3) A special additional bonus on policies issued in the United Kingdom in 1953 or earlier which become claims by death or maturity of endowment between 15th March, 1956 and 31st December, 1956 (both dates inclusive) and which are participating policies at the date of the claim, at the rate of **6s.** per £100 sum assured for each 31st December prior to 1954 on which the policy was a participating policy, subject to a maximum addition of **£9** per £100 sum assured.

GROUP PENSION CONTRACTS.

- (1) For policies issued in the United Kingdom :—
 - (a) Compound reversionary bonus on deferred pensions **£1 10s.** pension per £100 deferred pension.
 - (b) Special final bonus on pensions (as increased by any existing bonus) commencing during the next year.. **£16 0s.** pension per £100 pension.
- (2) For policies issued in South Africa, Southern Rhodesia and East Africa :—
 - (a) Compound reversionary bonus on deferred pensions **£1 15s.** pension per £100 deferred pension.
 - (b) Special final bonus on pensions (as increased by any existing bonus) commencing during the next year.. **£12 10s.** pension per £100 pension.

INDUSTRIAL BRANCH.

The number of policies issued during the year was **1,344,033** assuring the sum of **£86,271,518** and producing an annual premium income of **£5,752,668**.

The number of policies in force on 31st December, 1955, including **5,787,435** free policies, was **29,978,561** under which the maximum sum assured, together with declared bonus, was **£1,062,218,094**. These policies produce an annual premium income of **£49,017,947**.

The revenue premiums for the year were **£47,510,544**. The claims for the year amounted to **£27,682,568**. There were death claims for sums assured, including bonuses, of **£12,221,732**, and matured endowments for sums assured, including bonuses, of **£15,460,836**.

The surplus for the year is **£12,721,454** which, together with **£1,310,794** brought forward from last year, amounts to **£14,032,248**. This has been allocated as follows :—

	£
To Industrial Branch contingency fund.. .. .	1,250,000
To bonus to participating policyholders.. .. .	10,470,253
To Profit and loss account	872,658
To be carried forward	1,439,337

The total expenses in this Branch, including pension costs and Outdoor Staff bonus, were **28.98** per cent. of the premiums.

The Directors have declared, for participating policies, bonuses as follows :—

- (1) A reversionary bonus at the rate of **£1 12s.** per **£100** sum assured. The bonus is added as on 1st January, 1956, except for policies issued in 1955, where it is added on completion of payment of one year's premiums.
- (2) A special additional bonus on policies issued in 1953 or earlier which become claims by death or maturity of endowment between 15th March, 1956 and 31st December, 1956 (both dates inclusive) and which are premium paying policies at the date of the claim, at the rate of **4s.** per **£100** sum assured for each 31st December prior to 1954 on which the policy was a premium paying policy, subject to a maximum addition of **£6** per **£100** sum assured.

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 **£142,177,366.**

GENERAL BRANCH.

The total revenue premiums for the year, after deduction of reinsurances ceded, were **£12,350,816**, including over **£5,400,000** in respect of overseas business. These figures do not include the premiums of **£1,862,012** written by the Company's American subsidiary, The Prudential Insurance Company of Great Britain located in New York, the accounts of which appear on page fifteen. During the year an additional **£538,485** has been invested in this subsidiary in order that casualty reinsurance business may be underwritten in addition to fire and allied risks reinsurance business.

The number of sinking fund policies in force on 31st December, 1955, was **108** insuring capital sums of **£4,290,352** and producing an annual premium income of **£46,900.**

The amount of debentures, debenture stocks and estates for which the Company acts as trustee exceeded **£161,000,000** at the end of the year.

The surplus for the year is **£517,108** which, together with **£203,096** brought forward from last year, amounts to **£720,204.** This has been allocated as follows :—

	£
To General Branch contingency fund	300,000
To dividends to holders of A shares and B shares ..	233,333
To be carried forward	186,871

The valuation of the contracts in all branches has been made by Mr. F. M. Redington, M.A., F.I.A., upon the bases stated in his Valuation Report.

The surpluses in the Life branches include substantial amounts from increases in dividends on ordinary shares in the United Kingdom. These increases in dividends largely arise from investments made in the past and thus are attributable in greater measure to older than to newer policies. On the advice of the Actuary part of the surplus in each of the Life branches has been allocated to provide the special additional bonuses described above. It is hoped, out of future surpluses, to maintain these special additional bonuses, at the same rates and for the same years of issue, on claims occurring in future years.

The policyholders' allocations from the profits of the Life branches amount to **£19,921,887** or approximately **92.3** per cent. of the distributable profits of each of these branches. The shareholders' allocations from these branches amount to **£1,660,417** or approximately **7.7** per cent.

The Directors have declared in respect of the year 1955 a dividend on the A shares of **25s. 0d.** per share, of which **17s. 6d.** is payable on 17th May, 1956, to the shareholders on the Register at that date and **7s. 6d.** is payable on 8th November, 1956, to the shareholders then on the Register. Of the total dividend on the A shares **11.2d.** is derived from the profits of the General Branch and **24s. 0.8d.** from the profits of the Life branches. The sum of **£156,250** has been placed to the Dividend Reserve fund.

The Directors have also declared a dividend out of the General Branch profits of **3s. 6d.** per B share payable on 17th May, 1956, to the shareholders then on the Register.

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

The resignation on the 30th June, 1955, due to ill health, of Sir Thomas James Barnes, G.C.B., C.B.E., who was elected a Director in 1953, was accepted with regret.

Sir James Millard Tucker, Q.C., was appointed a Director on the 22nd December, 1955, and he now offers himself for election.

The Directors retiring by rotation are Sir Frank William Morgan, M.C., Sir John Donald Balfour Ferguson, G.C.B. and Mr. Maurice Petherick, M.A., who offer themselves for re-election.

Messrs. Deloitte, Plender, Griffiths & Co., the present Auditors of the Company, have signified their willingness to continue in office.

HOLBORN BARS,
6th April, 1956.

F. W. MORGAN,
Chairman.

ORDINARY BRANCH REVENUE ACCOUNT

for the year ending 31st December, 1955.

LIFE ASSURANCE BUSINESS.

1954 £	£	1954 £	£
281,437,400	Amount of life assurance fund at the beginning of the year	4,405,930	Claims under policies paid and outstanding—
	£312,324,119	10,173,025	By death
3,000,000	Add transfer from Investment reserve account re change of valuation basis	14,578,955	By maturity
+ 288,835	Deduct adjustment in exchange	4,077,459	17,398,433
284,726,235		177,986	Surrenders
44,587,329	Premiums	1,486,487	Bonuses surrendered for cash
216,809	Consideration for annuities granted	2,403,088	Annuities
	Interest, dividends and net rents (less amount written off terminable securities)	4,191,394	Commission
14,857,566	Deduct Income tax (less estimated rebate in respect of 1955)	150,000	Expenses of management
2,295,518		730,000	Profits tax
12,562,048	Interest (less income tax) relating to earlier years arising from foreign debt agreements	1,500,000	Transfer to Investment reserve account
		691,391	Transfer to Branch contingency fund
		312,324,119	Transfer to Profit and loss account
			Amount of life assurance fund at the end of the year
<u>£342,310,879</u>	<u>£373,757,163</u>	<u>£342,310,879</u>	<u>£373,757,163</u>

The assurance funds include surpluses undivided between policyholders and shareholders, amounting to £780,476, at the beginning of the year and £810,403 at the end of the year.

The number of policies issued during the year was 157,180, assuring a sum of £147,843,288 and producing an annual premium income of £5,236,075. In addition, increases under existing group life assurances amounted to £6,236,844. The amount received in single premiums was £113,944.

INDUSTRIAL BRANCH REVENUE ACCOUNT

for the year ending 31st December, 1955.

INDUSTRIAL ASSURANCE BUSINESS.

1954 £	£	1954 £	£
367,248,942	Amount of Industrial assurance fund at the beginning of the year	11,568,841	Claims under policies paid and outstanding—
	£391,979,340	12,929,835	By death
3,000,000	Add transfer from Investment reserve account re change of valuation basis	24,498,676	By maturity
375,248,942		4,638,754	27,682,568
45,880,604	Premiums	12,722,509	Surrenders
	Interest, dividends and net rents (less amount written off terminable securities)	160,000	Expenses of management
19,033,075	Deduct Income tax (less estimated rebate in respect of 1955)	900,000	Profits tax
2,497,297		2,250,000	Transfer to Investment reserve account
16,535,778	Interest (less income tax) relating to earlier years arising from foreign debt agreements	789,859	Transfer to Branch contingency fund
		391,979,340	Transfer to Profit and loss account
			Amount of Industrial assurance fund at the end of the year
<u>£437,939,138</u>	<u>£457,855,779</u>	<u>£437,939,138</u>	<u>£457,855,779</u>

The assurance funds include surpluses undivided between policyholders and shareholders, amounting to £1,310,794, at the beginning of the year and £1,439,837 at the end of the year.

The number of policies issued during the year was 1,344,033, assuring a sum of £86,271,518 and producing an annual premium income of £5,752,668.

GENERAL BRANCH REVENUE ACCOUNTS

for the year ending 31st December, 1955.

FIRE INSURANCE BUSINESS.

1954 £	£	1954 £	£
	Amount of fire insurance fund at the beginning of the year—		Claims under policies paid and outstanding
2,074,998	Provision for unexpired risks .. .	1,898,987	1,929,555
4,295,748	Premiums .. .	890,533	884,216
43,970	Exchange appreciation on currency assets held against currency liabilities	984,605	1,077,563
		43,955	47,074
		—	Exchange depreciation on currency assets held against currency liabilities
		542,230	95,862
			Transfer to Profit and loss account ..
			282,259
			Amount of fire insurance fund at the end of the year—
			Provision for unexpired risks, which amounts to 47.9 per cent. (47.8 per cent. for 1954) of the premium income for the current year ..
		2,054,406	2,082,048
<u>£6,414,716</u>	<u>£8,398,577</u>	<u>£6,414,716</u>	<u>£8,398,577</u>

SICKNESS AND ACCIDENT INSURANCE BUSINESS.

1954 £	£	1954 £	£
	Amount of sickness and accident insurance fund at the beginning of the year—		Payments under policies, including medical and legal expenses in connection therewith .. .
362,291	Provision for unexpired accident and disability risks .. .	419,774	413,643
	£384,566	139,870	137,616
537,000	Further provision for renewable accident and disability risks ..	249,694	251,564
	538,000	130,286	179,382
20,550	Provision for permanent sickness risks ..		Amount of sickness and accident insurance fund at the end of the year—
	21,502		Provision for unexpired accident and disability risks, which amounts to 40 per cent. of the premium income for the current year ..
163,529	Total estimated liability in respect of outstanding accident and disability claims ..	384,566	£405,690
	168,024		Further provision for renewable accident and disability risks ..
1,083,370		538,000	551,000
+ 1,815	Deduct adjustment in exchange .. .	21,502	Provision for permanent sickness risks ..
1,085,185			22,270
961,415	Premiums—	168,024	Total estimated liability in respect of outstanding accident and disability claims ..
4,260	Accident and disability	1,112,092	164,228
965,675	Permanent sickness ..		1,143,188
	1,014,225		
856	Interest on permanent sickness provision ..	1,018,560	
	923	1,112,092	
<u>£2,051,716</u>	<u>£2,125,393</u>	<u>£2,051,716</u>	<u>£2,125,393</u>

MOTOR VEHICLE INSURANCE BUSINESS.

1954 £	£	1954 £	£
	Amount of motor vehicle insurance fund at the beginning of the year—		Claims under policies paid and outstanding .. .
1,399,293	Provision for unexpired risks .. .	2,231,760	2,458,380
	£1,422,043	493,921	473,060
20,000	Provision for motor vehicles laid up ..	745,318	896,503
	15,000	71,359	—
1,419,293			Amount of motor vehicle insurance fund at the end of the year—
+ 5,001	Deduct adjustment in exchange .. .		Provision for unexpired risks, which amounts to 40 per cent. of the premium income for the current year ..
1,424,294		1,422,043	£1,501,502
3,555,107	Premiums .. .	15,000	Provision for motor vehicles laid up ..
	1,427,107		10,000
	3,753,755		
	Transfer from Profit and loss account ..	1,437,043	1,511,502
	158,583		
<u>£4,979,401</u>	<u>£5,339,446</u>	<u>£4,979,401</u>	<u>£5,339,445</u>

GENERAL BRANCH REVENUE ACCOUNTS—continued

MISCELLANEOUS INSURANCE BUSINESS.

1954 £	£	1954 £	£
	Amount of miscellaneous insurance fund at the beginning of the year—		Claims under policies paid and out-standing
	Provision for unexpired risks	1,145,181	1,455,316
	Deduct adjustment in exchange	11,645	520,169
+ 5,412			619,327
			259,146
1,150,593		1,168,975	Amount of miscellaneous insurance fund at the end of the year—
2,850,937	Premiums	2,823,382	Provision for unexpired risks, which amounts to 41.9 per cent. (41.4 per cent. for 1954) of the premium income for the current year ..
33,548	Trustee and executor fees	45,571	1,180,620
			1,181,684
<u>£4,035,078</u>		<u>£4,037,928</u>	<u>£4,037,928</u>

SINKING FUND INSURANCE BUSINESS.

1954 £	£	1954 £	£
	Amount of sinking fund insurance fund at the beginning of the year ..	2,041,737	37,550
64,270	Premiums	46,900	32,626
79,893	Interest and dividends	84,927	—
			1,006
			29,320
		2,075,398	Amount of sinking fund insurance fund at the end of the year
<u>£2,176,900</u>		<u>£2,207,226</u>	2,130,139
			<u>£2,207,226</u>

MARINE, AVIATION AND TRANSIT INSURANCE BUSINESS.

Total 1954 £	1954				Total 1954 £	1954			
	Current Year. £	Last Preced- ing Year. £	Previous Years. £	Total. £		Current Year. £	Last Preced- ing Year. £	Previous Years. £	Total £
359,892	—	257,978	641,162	899,140	228,640	86,701	80,273	51,996	218,970
369,204	376,570	-1,235	-11,287	364,048	14,925	15,254	-258	—	14,996
39	—	—	—	—	8,538	8,224	465	1	8,690
					26,435	—	1,172	36,430	37,602
					1,407	825	-9	1	817
					50,000	—	—	50,000	50,000
<u>£1,229,135</u>			<u>£1,263,188</u>	<u>£1,229,135</u>	899,140	265,566	175,100	491,447	932,113

PROFIT AND LOSS ACCOUNT

for the year ending 31st December, 1955.

ORDINARY AND INDUSTRIAL BRANCHES.

1954 £	£	1954 £	£
	Transfers from Revenue accounts—		Transfer to Appropriation account ..
691,391	Ordinary branch	1,481,250	1,660,417
789,859	Industrial branch		
<u>1,481,250</u>	<u>1,660,417</u>	<u>1,481,250</u>	<u>1,660,417</u>

GENERAL BRANCH.

1954 £	£	1954 £	£
	Transfers from Revenue accounts—		Taxation—
542,230	Fire	133,000	Overseas taxes
130,286	Sickness and accident	91,000	Profits tax
259,146	Miscellaneous	677,000	Income tax
29,320	Sinking fund	35,000	Transfer to Investment reserve account
50,000	Marine	743,594	Transfer to Appropriation account ..
<u>1,010,982</u>	<u>641,204</u>		<u>517,108</u>
	Less Transfer to Motor vehicle Revenue account		
+ 71,359	158,583		
<u>1,082,341</u>	<u>482,821</u>		
	Interest and dividends not carried to other accounts (including £13,909 for 1954 relating to earlier years arising from foreign debt agreements)		
597,253	645,487		
<u>1,679,594</u>	<u>1,128,108</u>	<u>1,679,594</u>	<u>1,128,108</u>

APPROPRIATION ACCOUNT

for the year ending 31st December, 1955.

Ordinary and Industrial Branches 1954.	General Branch 1954.		Ordinary and Industrial Branches.	General Branch.	Ordinary and Industrial Branches 1954.	General Branch 1954.		Ordinary and Industrial Branches.	General Branch.
£	£		£	£	£	£		£	£
		Balance brought forward from previous year—				250,000	Transfer to Additional re- serve fund		
	209,502	General branch		203,096		300,000	Transfer to Branch contin- gency fund		300,000
1,481,250	743,594	Transfers from Profit and loss account	1,660,417	517,108	62,500		Transfer to Dividend re- serve fund (A shares)	156,250	
							Provision for dividends (free of income tax) in respect of 1955 to holders of—		
					1,418,750	50,000	A shares	1,504,167	58,333
						150,000	B shares		175,000
							Balance carried to Balance sheet—		
						203,096	General branch		186,871
<u>1,481,250</u>	<u>953,096</u>		<u>1,660,417</u>	<u>720,204</u>	<u>1,481,250</u>	<u>953,096</u>		<u>1,660,417</u>	<u>720,204</u>

COMMON CONTINGENCY FUND ACCOUNT

for the year ending 31st December, 1955.

1954 £	£	1954 £	£
			Taxation—
3,613,512	3,680,145	3,089	Profits tax
126,182	134,012	56,460	Income tax
		—	Amount written off investments ..
		3,680,145	Amount of Common contingency fund at the end of the year
<u>£3,739,694</u>	<u>£3,814,167</u>	<u>£3,739,694</u>	<u>3,812,873</u>
			<u>£3,814,167</u>

SPECIAL CONTINGENCY FUND ACCOUNT

for the year ending 31st December, 1955.

1954 £	£	1954 £	£
			Taxation—
5,855,490	5,963,308	5,189	Profits tax
205,467	223,877	92,460	Income tax
		—	Amount written off investments ..
		5,963,308	Amount of Special contingency fund at the end of the year
<u>£6,060,957</u>	<u>£6,187,185</u>	<u>£6,060,957</u>	<u>6,009,878</u>
			<u>£6,187,185</u>

DIVIDEND RESERVE FUND ACCOUNT

(A Shares)

for the year ending 31st December, 1955.

1954 £	£	1954 £	£
			Taxation—
327,856	394,853	228	Profits tax
62,500	156,250	3,865	Income tax
8,590	12,051	—	Amount written off investments ..
		394,853	Amount of Dividend reserve fund at the end of the year
<u>£398,946</u>	<u>£563,154</u>	<u>£398,946</u>	<u>527,660</u>
			<u>£563,154</u>

COMMON CONTINGENCY FUND
BALANCE SHEET
31st December, 1955.

LIABILITIES.		ASSETS.	
1954 £	£	1954 £	£
3,680,145	Common contingency fund	2,609,608	Investments—
	Current liabilities and provisions—		British Government securities ..
3,683	Profits tax	704,995	British Government guaranteed securities
8,997	Income Tax	186,709	Municipal and county securities, United Kingdom
		40,000	Public Board securities
		48,000	Other Commonwealth Government securities
		100,947	Debentures and debenture stocks home and foreign
			Current assets—
			Balance at Bankers—
			On deposit in the United Kingdom ..
		2,566	On current account in the United Kingdom
<u>£3,692,825</u>	<u>£3,616,101</u>	<u>£3,692,825</u>	<u>£3,616,101</u>

1,352
7,932
1,000

873
157

SPECIAL CONTINGENCY FUND
BALANCE SHEET
31st December, 1955.

LIABILITIES.		ASSETS.	
1954 £	£	1954 £	£
5,963,308	Special contingency fund	17,012	Loans—
	Current liabilities and provisions—		On parochial and other public rates ..
—	Profits tax	3,093,961	Investments—
—	Income tax	2,074,456	British Government securities ..
		294,073	British Government guaranteed securities
		310,504	Municipal and county securities, United Kingdom
		69,000	Other Commonwealth Government securities
		93,455	Debentures and debenture stocks home and foreign
			Current assets—
			Estimated tax recoverable
			Balance at Bankers—
			On deposit in the United Kingdom ..
		10,847	On current account in the United Kingdom
<u>£5,963,308</u>	<u>£6,021,921</u>	<u>£5,963,308</u>	<u>£6,021,921</u>

23
34
40

8
5
:

DIVIDEND RESERVE FUND
(A Shares)
BALANCE SHEET
31st December, 1955.

LIABILITIES.		ASSETS.	
1954 £	£	1954 £	£
394,853	Dividend reserve fund	312,425	Investments—
	Current liabilities and provisions—		British Government Securities ..
266	Profits tax	—	British Government guaranteed securities
647	Income tax	17,500	Municipal and county securities, United Kingdom
			Other Commonwealth Government Securities
			Current Assets—
			Balance at Bankers—
			On deposit in the United Kingdom ..
		66,841	On current account in the United Kingdom
<u>£395,766</u>	<u>£528,011</u>	<u>£395,766</u>	<u>£528,011</u>

The Prudential Assurance Company Limited.

BALANCE

Ordinary Branch 1954.	Industrial Branch 1954.	General Branch 1954.	Total 1954.	LIABILITIES	Ordinary Branch.	Industrial Branch.	General Branch.	Total.
£	£	£	£		£	£	£	£
—	1,250,000	—	1,250,000	Authorized and Issued Capital—	—	1,250,000	—	1,250,000
—	—	200,000	200,000	1,250,000 A shares of £1 each, fully paid	—	—	200,000	200,000
10,000,000	16,250,000	700,000	26,950,000	1,000,000 B shares of £1 each, 4s. paid	11,000,000	17,500,000	1,000,000	29,500,000
—	—	203,096	203,096	Branch contingency funds	—	—	186,871	186,871
312,324,119	—	—	312,324,119	Appropriation account—balance carried forward	339,878,887	—	—	339,878,887
—	391,979,340	—	391,979,340	Life assurance fund, Ordinary branch	—	407,171,465	—	407,171,465
—	—	2,054,406	11,765,699	Industrial assurance fund	—	—	2,082,048	11,980,674
—	—	1,112,092		General branch insurance funds—	—	—	1,143,188	
—	—	1,437,043		Fire	—	—	1,511,502	
—	—	1,180,620		Sickness and accident	—	—	1,181,684	
—	—	2,075,398		Motor vehicle	—	—	2,130,139	
—	—	899,140		Miscellaneous	—	—	932,113	
—	—	3,000,000		Sinking Fund	—	—	3,000,000	
—	—	—	—	Marine	—	—	—	
—	—	—	—	Additional reserve	—	—	—	
—	—	—	—	Current liabilities and provisions—	—	—	—	—
2,347,736	1,081,550	—	3,369,286	Claims admitted or intimated, but not paid, less amounts recoverable under reinsurance—	2,430,593	1,118,663	—	3,549,256
—	—	1,082,304	4,544,824	Life	—	—	1,081,221	5,084,572
—	—	2,042,134		Fire	—	—	2,348,180	
—	—	1,420,386		Motor vehicle	—	—	1,656,171	
—	—	—		Miscellaneous	—	—	—	
6,887	—	—	6,887	Annuitants due and unpaid	8,005	—	—	8,005
582,842	1,702,984	488,222	2,774,048	Outstanding commission and expenses	697,457	1,771,997	462,330	2,931,784
768,691	—	37,588	323,179	Premiums received in advance	277,351	22,086	47,847	346,984
—	—	—	—	Amounts due on reinsurance account—	—	—	—	—
—	—	488,378	703,661	Fire	—	—	458,906	582,908
—	—	7,466		Sickness and accident	—	—	8,401	
—	—	9,057		Motor vehicle	—	—	13,891	
—	—	196,254		Miscellaneous	—	—	77,631	
—	—	2,486	—	Marine	—	—	24,079	
—	100	30,355	30,455	Amounts due to subsidiaries	—	100	33,583	33,683
360,170	202,103	55,304	617,577	Other creditors	409,748	220,612	74,519	704,879
631,696	721,062	7,292	1,360,770	Sundry brokers for investments purchased	447,261	370,266	626	818,153
281,512	996	125,430	407,938	Overseas taxes	319,735	1,333	108,561	429,629
136,707	141,294	59,790	337,791	Profits tax	81,179	122,594	78,674	282,447
—	—	689,391	689,391	United Kingdom income tax, including reserve for future liability on profits earned to date	713,629	790,538	233,333	1,737,500
662,219	756,531	200,000	1,618,750	Dividends declared	—	—	—	—
<u>£327,619,309</u>	<u>414,026,550</u>	<u>19,833,652</u>	<u>761,479,511</u>		<u>£356,263,845</u>	<u>430,339,664</u>	<u>26,673,143</u>	<u>807,276,642</u>
			3,692,825	Common contingency fund				3,616,101
			5,963,308	Special contingency fund				6,021,921
			395,766	Dividend reserve fund (A shares)				528,011
			<u>771,531,710</u>	(per separate Balance sheets)				<u>817,442,675</u>

The notes on page 14 form an integral part of this Balance sheet.

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.

F. M. REDINGTON, Actuary.

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.

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 amounts at which the assets are stated in the Balance sheet are determined under the Articles of Association of the Company by the Directors and we certify that in our belief the value at 31st December, 1955, of the assets set forth in the Balance sheet is in the aggregate in excess of the amount stated therein. For the purpose of this certificate the values of the quoted Stock Exchange securities have been taken at middle market prices as at that date and the values of other assets have been estimated by the Directors.

REPORT OF THE AUDITORS TO THE MEMBERS OF

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company so far as appears from our examination of those books, and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. We have examined the above balance sheet and annexed revenue and profit and loss accounts which are in agreement with the books of account and returns. In our opinion and to the best of our information and according to the explanations given us the said accounts give the information required by the Companies Act, 1948, in the manner so required which in relation to Assurance Companies is modified by Part III of the Eighth Schedule to that Act in regard to reserves and provisions and aggregate market value of quoted investments. On this basis in our opinion the balance sheet gives a true and fair view of the state of the Company's affairs as at 31st December, 1955, and the profit and loss account as supplemented by the annexed revenue accounts gives a true and fair view of the profit, ascertained in the manner therein indicated, for the year ended on that date.

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Ordinary Branch 1954.	Industrial Branch 1954.	General Branch 1954.	Total 1954.	ASSETS	Ordinary Branch.	Industrial Branch.	General Branch.	Total.
£	£	£	£		£	£	£	£
9,741,559	7,673,739	—	17,415,298	Mortgages—				
7,229,521	421,632	400	7,651,553	On property within the United Kingdom	11,039,833	8,423,068	—	19,462,901
				On property out of the United Kingdom	9,473,069	290,138	400	9,763,627
1,001,194	5,652,432	300,000	6,953,626	Loans—				
15,826	—	—	15,826	On parochial and other public rates	2,984,115	7,301,362	300,000	10,585,477
500,592	630,000	—	1,130,592	On Life interests	—	—	—	16,578
8,037,586	—	—	8,037,586	On Stocks and shares	1,700,592	2,430,000	—	4,130,592
548,359	999,119	—	1,547,478	On Company's policies within their surrender values	9,400,538	—	—	9,400,538
326,360	565,257	—	891,617	Without specific security	583,412	995,273	—	1,548,685
				To subsidiaries	411,519	597,661	49,092	1,058,272
59,888,153	101,554,113	2,336,649	163,778,915	Investments after deducting Reserve—				
42,852,060	86,310,954	2,123,651	131,286,665	British Government securities	53,732,278	92,995,508	2,106,115	148,827,901
1,065,000	2,616,549	97,500	3,779,049	British Government guaranteed securities	40,776,157	87,558,564	2,334,350	130,669,071
2,242,178	2,758,403	645,456	5,646,039	Securities guaranteed under Trade Facilities and other Acts	215,426	346,453	—	561,879
672,328	1,527,505	159,372	2,359,205	Municipal and county securities, United Kingdom	1,852,461	1,943,479	553,456	4,379,396
17,003,146	4,884,322	1,205,514	22,892,982	Public Board securities	622,336	1,410,674	148,373	2,181,373
3,203,830	152,100	429,067	3,784,997	Other Commonwealth Government securities	18,229,670	5,012,462	1,182,621	24,424,753
5,043,645	96,986	378,124	5,618,755	Other Commonwealth provincial securities	3,484,148	—	503,312	3,987,460
1,126,717	941,270	1,081,887	3,149,874	Other Commonwealth municipal securities	5,966,280	110,986	369,960	6,447,216
2	3	1	6	Foreign Government securities	1,052,455	587,397	—	1,639,852
101,331	4,757	16,401	122,489	Foreign provincial securities	—	2	3	5
				Foreign municipal securities	35,572	161	16,401	52,134
50,700,509	58,692,682	4,526,258	113,919,449	Debentures and debenture stocks and gold and sterling				
24,207,162	23,436,760	1,515,762	54,209,684	bonds—home and foreign	58,893,784	69,339,539	4,939,897	133,173,190
48,403,879	60,714,588	310,044	109,428,511	Preference and guaranteed stocks and shares	27,377,018	30,870,683	1,504,780	59,752,481
				Ordinary stocks and shares	87,601,552	67,666,202	859,016	126,126,770
17,500	25,000	—	42,500	Subsidiaries not dealt with in group accounts—				
67,071	155,101	15,531	237,703	Preference shares	17,500	24,428	—	41,928
	48,436	—	48,436	Ordinary shares	68,786	148,095	8,000	211,881
1,700,798	9,680,539	—	11,281,337	Rent charges	56,928	48,436	—	105,364
	78,787	—	78,787	Freehold ground rents and feu duties	2,079,566	9,538,913	—	11,618,479
19,354,025	19,081,313	—	38,435,338	Leasehold ground rents	30,160	78,782	—	108,942
10,571,395	9,234,241	—	19,805,636	House property—				
743,202	—	—	743,202	In the United Kingdom—Freehold	24,299,725	19,539,001	—	43,838,726
884	—	—	884	Out of the United Kingdom—Leasehold	11,037,384	9,388,506	—	20,425,890
				Reversions	725,884	—	—	725,884
				Fixed assets—				
		312,493	312,493	Subsidiary dealt with in accounts annexed—				
	4,417,755	—	4,417,755	Ordinary shares (at cost)	—	—	880,983	880,983
1,459,814	335,895	—	1,459,814	Office premises (at cost, less amounts written off)—				
				In the United Kingdom—Freehold	—	4,554,294	—	4,554,294
				Out of the United Kingdom—Leasehold	—	407,753	—	407,753
				Out of the United Kingdom	1,458,720	—	18,316	1,477,036
194,845	—	32,370	227,215	Current assets—				
1,245,671	144,417	1,399,061	2,789,149	Deposits at interest at home and abroad	68,618	—	80,310	148,928
536,735	321,254	4,000	861,989	Agents' balances	—	—	236,433	236,433
1,967,843	2,025,375	103,118	4,100,736	Commission paid in advance	847,567	—	—	847,567
		941,363	941,363	Outstanding premiums	1,307,437	—	1,117,674	2,425,111
81,041	185,786	—	266,827	Outstanding interest, dividends, rents and fees	647,888	346,097	7,185	1,001,170
2,488,000	3,316,000	—	5,804,000	Interest, dividends, rents and fees accrued	1,977,575	2,002,113	115,370	4,095,058
101,293	223,565	15,963	340,821	Amounts due on reinsurance account	—	—	982,697	982,697
				Amounts due from subsidiaries	—	—	27,280	27,280
				Sundry brokers for investments sold	—	240,657	30,000	270,657
				Estimated income tax recoverable	2,361,000	3,775,000	—	6,136,000
				Other debtors	44,419	265,233	146,366	456,018
				Balances at Bankers and Cash in hand—				
				On deposit—				
				In the United Kingdom	850,000	1,150,000	—	2,000,000
				Out of the United Kingdom	598,496	—	115,070	713,476
				In hand and on current account—				
				In the United Kingdom	256,295	751,748	376,020	1,384,063
				Out of the United Kingdom	2,090,928	204,065	698,540	2,990,533
3,277,619,309	414,026,850	19,833,652	761,479,811		2,356,263,845	430,339,654	20,673,143	807,276,642
			3,692,825	Common contingency fund				3,616,101
			5,963,308	Special contingency fund				6,021,921
			395,766	Dividend reserve fund (A shares)				528,011
			771,531,710	(per separate Balance sheets)				8,817,442,675

W. F. GARDNER, General Manager.

F. W. MORGAN, Chairman.

F. M. REDINGTON, Actuary.

B. J. W. BORRAJO,
J. A. T. BARSTOW, } Directors

L. BROWN, Secretary.

6th April, 1956.

THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

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.

We have also examined the group accounts comprising the accounts of the Company, as audited by us, and the annexed accounts of its subsidiary, The Prudential Insurance Company of Great Britain (located in New York), not audited by us but which are based upon audited accounts received from New York. In our opinion the group accounts have been properly prepared in accordance with the provisions of the Companies Act, 1948, so as to give on the basis mentioned above a true and fair view of the state of affairs and of the profit of the Company and its subsidiary dealt with by such group accounts so far as concerns members of The Prudential Assurance Company Limited.

6th April, 1956.

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

NOTES TO THE BALANCE SHEET.

1954.		1955.
£		£
19,480,000	Capital commitments for settlement after 31st December	35,275,000
80,000	Contingent capital commitments	2,130,000
2,905,000	Uncalled capital on investments held	2,900,000
1,935,000	Reserve liability on shares, etc.	2,000,000

A contingent liability exists under a guarantee given by the Company in respect of certain benefits for the Staff and their relatives and dependents provided by means of a company formed for this purpose.

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. Specific deposits of life assurance assets of the Ordinary branch, as set out below, have been made under local laws as security to holders of policies issued. Investments (at or under market value, if quoted), property and cash amount to—

1954.		1955.
£		£
34,000	Australia	33,500
15,000	Burma	15,000
15,926,000	Canada	15,705,000
1,371,500	Egypt	1,433,000
3,529,000	India	3,721,500
16,000	Ireland	15,000
2,000	Israel	1,500
46,000	New Zealand	45,500
1,020,000	Pakistan	1,060,000
5,000	Southern Rhodesia	4,500

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.

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.

The aggregate amount of the Directors' remuneration for the year was £51,032. (1954, £50,353.)

Life, casualty and sinking fund revenue account transactions in overseas currencies have been brought in at the rates of exchange ruling on the 31st December, 1955, 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 rates ruling at the beginning and the end of the year of the fund brought forward at the beginning of the year. Fire and marine revenue account transactions in overseas currencies have been brought in at rates of exchange approximating to those current on the dates of the respective transactions. Currency assets are maintained so far as practicable to the extent of the corresponding liabilities and together with reserve and contingency funds are available towards meeting any increase in liabilities by reason of any future variations in rates of exchange.

Liabilities and assets in overseas currencies have been converted into sterling at the rates ruling on the 31st December, 1955, except that in the case of certain investments in overseas currency held at Chief Office, book values have been based on the rates of exchange ruling on the dates of acquisition.

An investment reserve account is maintained in each branch to which are carried profits and losses on realisation of assets together with adjustments to ledger values and exchange differences, other than exchange differences on fire, marine, aviation and transit insurance business, less any relative United Kingdom taxes thereon. The investment reserve accounts, after bringing in transfers to or from the revenue accounts, have been applied in arriving at the balance sheet values of the assets in the appropriate branches.

With the approval of the Board of Trade (a) the group accounts do not deal with certain subsidiaries whose businesses are so different from that of the Company that they cannot reasonably be treated together as a single undertaking and in which subsidiaries the shareholdings are held merely as investments, and (b) the particulars of such subsidiaries otherwise required to be given in accordance with paragraphs 15(4) and (6) of the Eighth Schedule to the Companies Act, 1948, are omitted. Two other subsidiaries whose last available accounts cover the year 1954 are not dealt with in the group accounts in view of the insignificant amount involved. A dividend of £2,251 relating to 1954 has been received in 1955 and included in the Company's accounts. The Company's proportion of the balance of profit undistributed amounted at the rate of exchange at the 31st December, 1955, to £11,335, of which £2,538 related to 1954, and was carried forward in the accounts of the subsidiaries.

THE PRUDENTIAL INSURANCE COMPANY OF GREAT BRITAIN

located in New York.

REVENUE ACCOUNT

for the year ending 31st December, 1955.

1954 £		£	1954 £		£
	Amount of insurance fund at the beginning of the year—			Claims under policies paid and outstanding	985,861
1,932,035	Provision for unexpired risks	1,877,527	1,104,543	Commission	725,837
1,853,805	Premiums	1,862,012	743,895	Expenses of management	45,039
			32,638	Transfer to Profit and loss account ..	50,234
			27,237	Amount of insurance fund at the end of the year—	
			1,877,527	Provision for unexpired risks	1,932,568
<u>£3,785,840</u>		<u>£3,739,539</u>	<u>£3,785,840</u>		<u>£3,739,539</u>

The whole of the business transacted is fire and allied risks reinsurance business.

PROFIT AND LOSS ACCOUNT

for the year ending 31st December, 1955.

1954 £		£	1954 £		£
866,164	Balance (earned surplus) brought forward from previous year	929,982	42,696	Taxes	48,639
113,253	Interest and dividends	128,527	8,985	Investment expenses	9,710
—	Profit on sale of securities	11,195	767	Loss on sale of securities	—
27,237	Transfer from Revenue account	50,234	2,795	Amounts written off securities	3,461
			21,429	Dividend to Shareholders	21,429
			929,982	Balance (earned surplus) as per Balance sheet	1,036,699
<u>£1,006,654</u>		<u>£1,119,938</u>	<u>£1,006,654</u>		<u>£1,119,938</u>

BALANCE SHEET

31st December, 1955.

LIABILITIES.		ASSETS.	
1954 £	£	1954 £	£
	Authorised and Issued capital—		Investments (at or under cost)—
214,236	15,000 (1954, 6,000) shares of \$100 each, fully paid	2,412,475	United States Government securities
321,428	Capital reserve (surplus paid in)	740,365	Debentures and bonds
929,982	Profit and loss account balance (earned surplus)	346,503	Preference stocks and shares
1,877,527	Insurance fund	302,534	Ordinary stocks and shares
	Current liabilities—		Current assets—
552,002	Outstanding claims	35,890	Deposit at interest
146,468	Outstanding commission and expenses	15,196	Interest and dividends accrued
9,987	Amounts due on reinsurance account	48,535	Amounts due on reinsurance account
45,821	Taxation	196,003	Balance at Bankers on current account and Cash in hand
<u>£4,097,501</u>	<u>£4,670,533</u>	<u>£4,097,501</u>	<u>£4,670,533</u>

All items have been converted at the rate of \$2.80 to the £. The Prudential Assurance Company Limited holds over 99 per cent. of the shares in this Company, and has the option in certain events to acquire the remaining shares.

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

Directors' Report
and
Statement of Accounts
Year ending 31st December, 1955.

PRINTED IN ENGLAND.

H.B.&CO.LTD.

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