

W. E. Hushworth

PRUDENTIAL ASSURANCE COMPANY LIMITED.

SEVENTY-FIRST ANNUAL REPORT,

FOR THE YEAR ENDING 31ST DECEMBER, 1919.

THE DIRECTORS have much pleasure in presenting their report and accounts for the year 1919.

ORDINARY BRANCH.—The number of policies issued during the year was 138,037, assuring the sum of £22,319,642, and producing a new annual premium income of £1,639,762. The premiums received were £7,627,547, being an increase of £856,708 over the year 1918.

The claims of the year amounted to £5,267,396, of which £175,882 was in respect of War Claims. The number of deaths was 12,829. The number of endowment assurances matured was 33,367, the annual premium income of which was £174,225.

The number of policies, including annuities, in force at the end of the year was 1,043,309.

INDUSTRIAL BRANCH.—The premiums received during the year were £11,155,874, being an increase of £1,419,471.

The claims of the year amounted to £3,997,138, of which £321,178 was in respect of 19,562 War Claims. The total number of claims and surrenders, including 36,260 endowment assurances matured, was 405,709.

The number of free policies granted during the year to those policyholders of five years' standing and upwards who desired to discontinue their payments, was 72,293, the number in force being 2,036,395. The number of free policies which became claims was 50,209.

The total number of policies in force in this Branch at the end of the year was 23,097,157: their average duration exceeds fourteen years.

The War Claims of the year, in both Branches, number 21,661 and amount to £497,060. The total paid up to the present on this account since the outbreak of War exceeds £5,300,000, in respect of 249,000 claims.

GENERAL BRANCH.—In March 1919 the Company commenced to transact Fire, Accident and other Classes of Insurance business. The premiums received during the year, after deducting reinsurances, amounted to £84,583. In addition, Sinking Fund policies have been issued insuring a capital sum of £305,825 and producing an annual income of £7,470.

Policies have been issued covering loss from Fire, Accident, Employers' Liability, Burglary, Plate Glass, Motor, Third Party, Lift and other risks. The public are evincing special interest at the present time in the "Hearth and Home" Policy and the "Combined Fire and Burglary" Policy.

The assets of the Company, in all Branches, as shown in the balance sheet, after writing down book values by £2,543,000, are £117,739,336, which after deduction of the balance of £3,500,000 owing in respect of the advance from our Bankers for purchase of War Loan shows an increase of £5,112,474 over 1918.

The Staff Provident Fund, which was founded in 1898 for the benefit of the outdoor staff, amounts to £297,128.

The valuation has been made by Mr. JOSEPH BURN, C.B.E., F.I.A., and the following mortality tables have been used, namely, in the Ordinary Branch, the Institute of Actuaries (H^M) Table of Mortality for the life risks, and British Offices' Life Annuity Tables 1893 for the annuities, the reserves being specially strengthened by assuming all annuitants to be select lives; in the Industrial Branch, Dr. Farr's English Life Table No. 3 has been employed for all assurances by weekly premiums for the whole term of life, the English Life Table No. 6 being employed for all other classes.

In the General Branch all the premiums and interest received have been reserved, after deduction of claims and expenses. For the Sinking Fund policies the net premiums received have been accumulated with interest at 3½ per cent.

The net premiums only have been valued in all Branches, the rate of interest in each case with the exception of the Sinking Fund policies being three per cent.

In the ORDINARY BRANCH the surplus shown is £1,803,709, including the sum of £149,670 brought forward from last year and £500,000 transferred from the Contingency Fund. Out of this surplus the Directors have added £593,000 to the Investments Reserve Fund which after writing down book values by £1,443,000, stands as at 31st December, 1919, at £1,800,000, and £152,003 has been carried forward.

The Directors are pleased to be able to announce that a bonus of £1 8s. per cent. on the original sums assured will be allocated to participating policies in the Ordinary Branch which were in force on the 31st December, 1919.

During the War, owing to the pressure on the Staff and the need for conserving paper supplies, no bonus certificates could be distributed. This year a certificate will be sent to every participating policyholder showing the Bonus now declared and the total bonuses added to their policies and calling attention to the fact that bonuses of £1 per cent. were distributed in respect of each of the years 1915, 1916 and 1917, and a bonus of £1 6s. per cent. in respect of 1918.

In the INDUSTRIAL BRANCH the surplus shown is £867,489, including the sum of £70,885 brought forward from last year. Out of this surplus the Directors have added £400,000 to the Investments Reserve Fund which after writing down book values by £1,100,000 stands as at 31st December, 1919, at £1,100,000, £100,000 has been carried to the Common Contingency Fund, and £72,394 has been carried forward.

The provisions of the Courts (Emergency Powers) Act are still in force and the reserve of £100,000 is retained to meet losses from this cause to which the Company is still exposed.

The total surplus of the two branches as shown by the valuation is £2,671,198. Of this amount £593,000 has been added to the Investments Reserve Fund of the Ordinary Branch, £400,000 has been added to the Investments Reserve Fund of the Industrial Branch, and £100,000 to the Common Contingency Fund; £953,801 will be allocated to participating policies in the Ordinary Branch and £400,000 to the holders of fully paid shares in accordance with the Articles of Association of the Company, leaving £224,397 to be carried forward, namely £152,003 in the Ordinary Branch and £72,394 in the Industrial Branch.

In the GENERAL BRANCH, the new classes of business have not been in operation for a full year, the existing contracts having on the average about eight months to run. The profit earning capacity of the business therefore has not yet been ascertainable and it has been considered advisable to retain 55 per cent. of the premiums paid for the unexpired risks, and the whole of the balance of the fund as an additional reserve.

The profit-sharing scheme in the Industrial Branch provides that after payment of a fixed dividend to the shareholders any surplus profit shall be divided into six parts: one part being retained by the shareholders, one distributed among the outdoor staff of the Company, the remaining four parts being allotted by way of Bonus to the policyholders of the Industrial Branch.

From the following Table it will be seen that the sum which has already been paid under this scheme by way of bonus to the Industrial Branch policyholders and outdoor staff amounts to £2,825,000.

YEAR.	SHAREHOLDERS.	OUTDOOR STAFF.	POLICYHOLDERS.
	£	£	£
1908	35,000	35,000	72,697
1909	50,000	50,000	176,401
1910	65,000	65,000	222,507
1911	75,000	75,000	277,083
1912	90,000	90,000	324,797
1913	100,000	100,000	359,572
1914	100,000	100,000	398,360
1915	50,000	50,000	276,721
1916	Nil.	Nil.	112,565
1917	Nil.	Nil.	38,710
1918	Nil.	Nil.	587
1919	Nil.	Nil.	Nil.
	<u>£565,000</u>	<u>£565,000</u>	<u>£2,260,000</u>

The Directors regret that as the amount of surplus shown does not permit of any increase being made to these sums, no bonus can be allotted to the Industrial policyholders or to the staff or to the shareholders. Moreover the shareholders as in the preceding four years will again suffer a diminution of £100,000 in their fixed dividend.

The aftermath of the Great War still affects the Company adversely, and during the year a sum of £497,060 was paid in War Claims. In addition, there has been further heavy depreciation in the values of securities, and the Company has had to carry no less than £998,000 to the Investments Reserve Fund, and £100,000 to the Common Contingency Fund. There is thus a total of £5,543,000 available to meet depreciation or for any other purpose. Of this amount £2,543,000 has been applied to writing down the values of securities, £100,000 has been added to the Common Contingency Fund and the balance of £2,900,000 remains as Investments Reserve Funds. The Securities which have been written down are those which seem to offer little prospect of recovery to prices equivalent to our book values.

The four Prudential Approved Societies have during the year paid to their members, benefits amounting to approximately £1,687,000, making a total of over £10,224,000 paid since National Insurance was introduced. The number of persons admitted to membership of the Societies during the year was 298,442, of whom 127,344 were men and 171,098 women.

During the year no fewer than 6,007 members of the Staff have resumed duty on demobilization after Active Naval and Military Service. The Directors once again express their high appreciation of the National Service rendered by the Staff while with the Colours and cordially welcome them on their return.

To those members of the Staff, men and women, who have carried on the business of the Company under very difficult conditions the Directors again tender their hearty thanks.

The retiring Directors are SIR THOMAS CHARLES DEWEY, Bart., Mr. WILLIAM EDGAR HORNE, M.P., and Sir JOHN HENRY LUSCOMBE, who offer themselves for re-election.

The Auditors, Mr. PHILIP SECRETAN and Mr. WILLIAM HENRY NICHOLLS, also offer themselves for re-election.

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

THOMAS C. DEWEY,
Chairman.

HOLBORN BARS,
19th February, 1920.

REVENUE ACCOUNT OF THE ORDINARY BRANCH

FOR THE YEAR ENDING 31ST DECEMBER, 1919, IN RESPECT OF LIFE ASSURANCE BUSINESS.

<p>Amount of life assurance fund at the beginning of the year £52,436,503 14 10</p> <p><i>Less</i> amount transferred to the Industrial Branch, being proportion of profits... .. 90,123 0 0</p> <hr/> <p>Premiums</p> <p>Consideration for annuities granted</p> <p>Interest, discounts and dividends 2,645,827 11 3</p> <p><i>Less</i> income tax thereon 494,229 19 7</p> <hr/>	£ s. d.	<p>Claims under policies paid and outstanding :—</p> <p>By death £1,625,266 3 11</p> <p>By maturity 3,642,129 7 2</p> <hr/> <p>Surrenders 168,131</p> <p>Bonuses surrendered for cash 28,260</p> <p>Annuities 111,264</p> <p>Commission 625,110</p> <p>Expenses of management 285,575</p> <p>Amount transferred to profit and loss account 1,303,709</p> <p>Amount of life assurance fund at the end of the year 54,324,216</p> <hr/>	£
	£62,103,652 7 6		£62,103,652

NOTES.—During the year 138,037 policies were issued assuring £22,319,642. The amount received by way of single premiums was £26,918 1s. 1d.
The yearly renewal premium income was £1,639,762 6s. 1d.

BALANCE SHEET OF THE ORDINARY BRANCH ON THE 31ST DECEMBER, 1919.

[illegible]

The values of Stock Exchange securities are determined under the Articles of Association of the Company, by the Directors. Due allowance has been made for interest and the book value of these securities as set forth in the Balance Sheet stands considerably below cost price. A careful investigation as to the actual value on 31st December, 1919, compared with the book value, shows that the Investments reserve fund is much more than sufficient to meet any depreciation of the securities. Terminable securities have been valued on a basis, which with Sinking funds already established, provides for the equalisation of the book values at redemption value at the date of maturity.

We certify that in our belief the Assets set forth in the Balance Sheet (having regard to the standards indicated) are in the aggregate fully of the value stated there; the Investments reserve fund taken into account, and make ample provision for all the Liabilities of the Company.

A. C. THOMPSON, General Manager.

J. BURN, *Actuary.*

THOMAS C. DEWEY, *Chairman*

G. E. MAY, *Secretary.*

W. J. LANCASTER, } *Dir.*
I. IRVINE BOSWELL, }

We report that with the assistance of the Chartered Accountants as stated below 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 statement 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.

PHILIP SECRETAN, } Aud
W. H. NICHOLLS, }

We have examined the Cash transactions (receipts and payments) affecting the accounts of the Assets and Investments for the year ended December 31st, 1919, and the same in good order and properly vouchesd. We have also examined the Deeds and Securities, Certificates, &c., representing the Assets and Investments, set out in the account, and we certify that they were in possession and safe custody as on December 31st, 1919.

17th February, 1920.

DELOITTE, PLENDER, GRIFFITHS & CO., Chartered Accountants.

REVENUE ACCOUNT OF THE INDUSTRIAL BRANCH. FOR THE YEAR ENDING 31ST DECEMBER, 1919, IN RESPECT OF LIFE ASSURANCE BUSINESS.

Amount of life assurance fund at the beginning of the year		£	s.	d.	Claims under policies paid and outstanding :—		£	s.	d.
Add Amount transferred from Ordinary Branch under Articles of Association of the company	90,123	0	0		By death	£3,650,307	7	6	
					By maturity	346,831	0	6	
	50,038,240	5	0						3,997,138
Less Amount transferred to Profit and Loss Account for Shareholders' Dividend	400,000	0	0		Surrenders				187,797
Premiums				49,638,240	5	0			
Interest, discounts, dividends and rents	£2,633,328	18	6	11,155,873	15	8			
Less income tax thereon	403,204	15	0		Commission :—				
Amount received from General Branch for Approved Societies Expenses				2,130,124	3	5			
				520,920	14	7			
					Agency charges including salaries of 13,025 agents for the weekly collection of premiums from 21,060,762 policies	£2,000,016	1	6	
					Special new business charges	954,144	11	5	
									2,954,160
					Expenses of management :—				
					Policy, postage, and receipt stamps (Head Office only)	£93,824	17	2	
					Superintendency charges	457,041	3	9	
					Medical fees	69,027	13	2	
					Head Office expenses	1,194,276	5	5	
									1,814,169
					Amount transferred to profit and loss account				867,489
					Amount of life assurance fund at the end of the year				53,624,403
									£53,445,158
									18
									8

NOTES.—During the year 2,019,541 policies were issued, assuring a maximum sum of £45,094,719, exclusive of bonus.

BALANCE SHEET OF THE INDUSTRIAL BRANCH ON THE 31ST DECEMBER, 1919.

LIABILITIES.		£	s.	d.	ASSETS.		£	s.	d.
Shareholders' capital	1,000,000	0	0		Mortgages on property within the United Kingdom	2,186,578	11	1	
Life assurance fund	53,624,403	17	5		Mortgages on property out of the United Kingdom	Nil			
Investments reserve fund, 1st January	£1,800,000	0	0		Loans on parochial and other public rates	7,061,680	6	6	
Less depreciation written off	1,100,000	0	0		Loans on Life interests	381,633	12	0	
	700,000	0	0		Loans on Personal security	Nil			
Add amount transferred from Profit and Loss account	400,000	0	0		Loans to Educational institutions secured on Income	277	2	6	
Amount transferred from Profit and Loss account to Common Contingency Fund	100,000	0	0		Investments :—				
Courts (Emergency Powers) Act Reserve	100,000	0	0		Deposit with the High Court (£17,122 14s. 0d. 5%)	16,080	19	1	
Advance by Bankers secured on £5,250,000 5% War Loan 1929-47	250,000	0	0		War Loan, 1929-1947	23,206,848	9	2	
Claims under life policies intimated and in course of payment	4,800	0	0		British Government securities	939,311	9	6	
Balance standing to credit of profit and loss account	367,489	0	0		Municipal and county securities, United Kingdom	1,024,697	8	11	
					Indian and Colonial Government securities	458,885	8	9	
					Colonial provincial securities	911,859	12	3	
					Indian and Colonial municipal securities	1,982,378	5	3	
					Foreign Government securities	146,761	18	2	
					Foreign provincial securities	925,083	7	11	
					Foreign municipal securities				
					Railway and other debentures and debenture stocks and gold and sterling bonds—Home and Foreign	5,116,045	17	9	
					Railway and other preference and guaranteed stocks and shares	1,082,989	13	5	
					Railway and other ordinary stocks and shares	83,935	19	10	
					Freehold ground rents and Scotch feu duties	4,762,404	1	9	
					Leasehold ground rents	8,762	1	3	
					House property	4,709,923	9	7	
					Agents' Balances	12,916	3	0	
					Outstanding premiums	651,366	16	9	
					Outstanding interest and rents	195,153	18	6	
					Interest, dividends and rents accrued but not payable	176,400	9	5	
					Bills receivable	Nil			
					Cash :—				
					On deposit	20,000	0	0	
					In hand and on current accounts	484,817	15	1	
									£56,546,692
									17
									5

The values of Stock Exchange securities are determined, under the Articles of Association of the Company, by the Directors. Due allowance has been made for accrued interest, and the book value of these securities as set forth in the Balance Sheet stands considerably below cost price. A careful investigation as to the actual saleable value on 31st December, 1919, compared with the book value, shows that the Investments reserve fund is much more than sufficient to meet any depreciation of the permanent securities. Terminable securities have been valued on a basis, which with Sinking funds already established, provides for the equalisation of the book values and the redemption values at the date of maturity.

We certify that in our belief the Assets set forth in the Balance Sheet (having regard to the standards indicated) are in the aggregate fully of the value stated therein less the Investments reserve fund taken into account, and make ample provision for all the liabilities of the Company.

J. BURN, Actuary.

THOMAS C. DEWEY, Chairman.

A. C. THOMPSON, General Manager.

G. E. MAY, Secretary.

W. J. LANCASTER, }
J. IRVINE BOSWELL, } Directors.

We report that with the assistance of the Chartered Accountants as stated below 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.

PHILIP SECRETAN, }
W. H. NICHOLLS, } Auditors.

We have examined the Cash transactions (receipts and payments) affecting the accounts of the Assets and Investments for the year ended December 31st, 1919, and we find the same in good order and properly vouched. We have also examined the Deeds and Securities, Certificates, &c., representing the Assets and Investments set out in the

REVENUE ACCOUNTS OF THE GENERAL BRANCH

FOR THE YEAR ENDING 31ST DECEMBER, 1919, IN RESPECT OF FIRE, ACCIDENT AND MISCELLANEOUS INSURANCE BUSINESS.

	£	s.	d.		£
Amount of insurance fund at the beginning of the year	49,113	11	10	Claims under policies paid and outstanding	11,66
Premiums	84,683	4	6	Commission	15,85
Interest £4,780 17 11				Expenses of management	27,76
Less Income Tax paid and reserved 1,434 5 5				Amount transferred to Industrial Branch for Approved Societies expenses	520,92
	3,346	12	6	Amount of insurance fund at the end of the year—	
Amount transferred from Approved Societies for expenses	520,920	14	7	Reserve for unexpired risks £43,224 0 0	
	£657,964	3	5	Reserve for sickness and accident risks 37,401 10 7	
				Estimated liability in respect of outstanding Claims 1,141 0 0	81,70
					£657,94

FOR THE YEAR ENDING 31ST DECEMBER, 1919, IN RESPECT OF SINKING FUND BUSINESS.

	£	s.	d.		£
Amount of insurance fund at the beginning of the year	10,917	0	0	Claims under policies paid	
Premiums	8,384	7	11	Surrenders	3,9
Interest £846 4 9				Commission	7
Less Income Tax paid and reserved 193 17 5				Management expenses	1
	452	7	4	Amount of insurance fund at end of the year ...	13,9
	£18,853	15	3		£18,8

BALANCE SHEET OF THE GENERAL BRANCH ON THE 31ST DECEMBER, 1919.

LIABILITIES.	£	s.	d.	ASSETS.	£
Authorised Capital, 1,000,000 B shares of £1 each, £1,000,000.				Deposit with High Court (£20,000 National War Bonds 6% 1928)	19,9
Subscribed Capital, 1,000,000 shares of £1 each, 2s. paid	100,000	0	0	British Government securities... ..	156,6
Insurance funds	95,758	7	10	Colonial Government securities	9,7
Reserve for Income Tax	1,158	18	10	Outstanding premiums	12,6
Outstanding claims	3,409	10	0	Cash on current account	7,8
Amount due for reinsurances	8,576	13	5		
	£206,903	10	1		£206,5

The values of Stock Exchange securities are determined, under the Articles of Association of the Company, by the Directors. allowance has been made for accrued interest and the book values of these securities as set forth in the Balance Sheet stand at price. The securities are all redeemable at fixed dates at values greatly in excess of the present book values.

We certify that in our belief the Assets set forth in the Balance Sheet are in the aggregate fully of the value stated therein.

J. BURN, *Actuary.*

THOMAS C. DEWEY, *Chair.*

A. C. THOMPSON, *General Manager.*

G. E. MAY, *Secretary.*

W. J. LANCASTER,
J. IRVINE BOSWELL, } *Dir.*

We report that with the assistance of the Chartered Accountants as stated below we have examined the foregoing accounts and have all the information and explanations that we have required and in our opinion such accounts are correct and the foregoing Balance Sheet is 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 explanation given to us and as shown by the books of the Company.

PHILIP SECRETAN, } *Audit*
W. H. NICHOLLS, }

We have examined the Cash transactions (receipts and payments) affecting the accounts of the Assets and Investments for the year ending December 31st, 1919, and we find the same in good order and properly vouched. We have also examined the Deeds and Securities, Certificates, representing the Assets and Investments, set out in the above account, and we certify that they were in possession and safe custody as on December 31st, 1919.

17th February, 1920.

DELOITTE, PLENDER, GRIFFITHS & CO., *Chartered Accountants.*

COMBINED BALANCE SHEET BEING THE SUMMARY OF ALL BRANCHES ON THE 31ST DECEMBER, 1919.

LIABILITIES.		£	s.	d.	ASSETS.		£	s.	d.
Shareholders' capital.					Mortgages on property within the United Kingdom...		8,089,056	3	7
Nominal capital:—					Mortgages on property out of the United Kingdom...		166,446	9	3
1,000,000 shares of £1 each ...		£1,000,000			Loans on parochial and other public rates ...		10,742,199	13	11
1,000,000 "B" shares of £1 each...		1,000,000			Loans on Life interests ...		1,028,987	0	11
					Loans on Reversions ...		44,236	5	11
					Loans on stocks and shares ...		293,850	14	11
					Loans on Company's policies within their surrender values ...		2,191,226	6	11
Issued capital:—					Loans on Personal security ...		Nil		
1,000,000 shares of £1 each, fully paid ...		£1,000,000			Loans to Educational institutions secured on income ...		34,208	17	3
1,000,000 "B" shares of £1 each, 2s. paid ...		100,000			Investments:—				
					Deposit with the High Court:—				
					£17,122 14s. 5% War Loan, 1929-1947 }		36,062	4	1
					£20,000 5% National War Bonds 1928 }		44,688,263	0	4
Life assurance fund—					British Government securities ...		272,412	0	4
Ordinary Branch ...					Bank of England stock ...		1,840,353	18	10
Life assurance fund—					Municipal and county securities, United Kingdom		4,838,817	18	10
Industrial Branch ...					Indian and Colonial Government securities ...		1,120,531	16	11
Insurance funds—					Colonial provincial securities ...		3,291,175	3	8
General Branch ...					Indian and Colonial municipal securities ...		5,784,194	11	9
Investments reserve funds ...					Foreign Government securities ...		271,201	3	8
Common Contingency Fund ...					Foreign provincial securities ...		2,459,774	11	2
Courts (Emergency Powers) Act reserve					Foreign municipal securities ...				
Advance by Bankers secured on £5,250,000 5% War Loan 1929-1947 and £7,250,000 4% Victory Bonds ...					Railway and other debentures and debenture stocks and gold and sterling bonds—Home and Foreign ...		11,474,245	6	7
Claims intimated and in course of payment ...					Railway and other preference and guaranteed stocks and shares ...		2,801,850	14	1
Annuities due and unpaid ...					Railway and other ordinary stocks and shares		2,730,901	8	8
Reserve for income tax—General Branch ...					Rent charges ...		420,105	17	1
Amount due for reinsurances ...					Freehold ground rents and Scotch feu duties...		4,762,404	1	9
Balance standing to credit of profit and loss account...					Leasehold ground rents ...		3,782	1	3
					House property ...		4,709,923	9	7
					Life interests ...		34,626	14	6
					Reversions ...		966,214	6	3
					Agents' balances ...		12,916	3	0
					Outstanding premiums ...		931,911	11	0
					Outstanding interest and rents ...		257,633	9	1
					Interest, dividends and rents accrued but not payable		579,100	9	7
					Bills receivable ...		Nil		
					Cash:—				
					On deposit ...		20,000	0	0
					In hand and on current accounts ...		836,842	6	1
							£117,739,335	19	9

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31ST DECEMBER, 1919.

		£	s.	d.			£	s.	d.
Balance of last year's accounts					Transfer to Investments Reserve Fund				
Ordinary Branch ...		£239,793	0	0	Ordinary Branch ...		£593,000	0	0
Industrial Branch ...		380,762	0	0	Industrial Branch ...		400,000	0	0
					Dividend to Shareholders in respect of the year 1918		993,000	0	0
Transfer from Contingency Fund, Ordinary Branch					Transfer to Common Contingency Fund, Industrial Branch ...		400,000	0	0
Surplus as per Valuation Report					Bonus to Policyholders, Ordinary Branch ...		100,000	0	0
Ordinary Branch ...		£1,154,039	0	0	Balance as per Balance Sheet				
Industrial Branch ...		796,604	0	0	Ordinary Branch ...		£256,908	0	0
					Industrial Branch ...		367,489	0	0
							624,397	0	0
							£3,071,198	0	0

The values of Stock Exchange securities are determined, under the Articles of Association of the Company, by the Directors. Due allowance has been made for accrued interest and the book value of these securities as set forth in the Balance Sheet stands considerably below cost price. A careful investigation as to the actual saleable value on 31st December, 1919, compared with the book value, shows that the Investments reserve funds are much more than sufficient to meet any depreciation of the permanent securities. Terminable securities have been valued on a basis, which with Sinking funds already established, provides for the equalisation of the book values and the redemption values at the date of maturity.

We certify that in our belief the Assets set forth in the Balance Sheet (having regard to the standards indicated) are in the aggregate fully of the value stated therein less the Investments reserve funds taken into account, and make ample provision for all the Liabilities 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 it is applicable.

J. BURN, *Actuary.*

THOMAS C. DEWEY, *Chairman.*

A. C. THOMPSON, *General Manager.*

G. E. MAY, *Secretary.*

W. J. LANCASTER,
J. IRVINE BOSWELL, } *Directors.*

We report that with the assistance of the Chartered Accountants as stated below 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 purpose other than the class of business to which it is applicable.

PHILIP SECRETAN,
W. H. NICHOLLS, } *Auditors.*

PRUDENTIAL
Assurance Company Limited.

HOLBORN BARS, LONDON.

DIRECTORS' REPORT
AND
STATEMENT OF ACCOUNTS

At 31st December, 1919.

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