

PRUDENTIAL ASSURANCE COMPANY

LIMITED.

SEVENTY-SECOND ANNUAL REPORT,

FOR THE YEAR ENDING 31ST DECEMBER, 1920.

THE DIRECTORS have much pleasure in presenting their report and accounts for the year 1920.

ORDINARY BRANCH.—The number of policies issued during the year was 142,163, assuring the sum of £23,528,225, and producing a new annual premium income of £1,667,281. The premiums received were £8,800,749, being an increase of £1,173,202 over the year 1919.

The claims of the year amounted to £5,273,541, of which £15,457 was in respect of War Claims. The number of deaths was 10,218. The number of endowment assurances matured was 34,656, the annual premium income of which was £183,163.

The number of policies, including annuities, in force at the end of the year was 1,123,588.

INDUSTRIAL BRANCH.—The premiums received during the year were £12,991,608, being an increase of £1,835,734.

The claims of the year amounted to £3,396,291, of which £20,739 was in respect of 1,423 War Claims. The total number of claims and surrenders was 401,314 on 505,829 policies, of which 35,986 were matured endowment assurances.

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 88,879, the number in force being 2,079,270. The number of free policies which became claims was 46,004.

The total number of policies in force in this Branch at the end of the year was 23,918,536: their average duration exceeds fourteen and a quarter years.

Although the Armistice was signed so long ago as November, 1918, the Company still has to pay Claims arising out of the war; during the year the number of such claims in the two Branches was 1,568 for an amount of £36,196. The total paid on this account since the outbreak of War exceeds £5,300,000, in respect of over 240,000 claims.

GENERAL BRANCH.—The accounts now presented relate to the first complete year of operations in this Branch, in respect of Fire, Personal Accident, Employers' Liability and Miscellaneous Insurances. The premiums received after deducting reinsurances, amounted to £222,665. Sinking Fund policies are in force insuring a capital sum of £724,496, producing an annual premium income of £16,735.

It was decided at a Special Meeting of Shareholders in October, 1920, to undertake Marine Insurance. The sanction of the Court was duly obtained in November, and an agreement has been entered into with the Royal Exchange Assurance Corporation under which the Corporation agree to act as Managers and Attorneys of the Company in respect of Marine business.

The assets of the Company, in all Branches, as shown in the balance sheet, are £124,453,151, which after allowing for the fact that during the year the Company repaid its Bankers the loan of £3,500,000 represents an actual increase for the year of £10,213,815 over 1919.

The Staff Provident Fund, which was founded in 1898 for the benefit of the outdoor staff, amounts to £303,316.

The valuation has been made by Sir JOSEPH BURN, K.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.

The net premiums only have been valued in both Life Assurance Branches, the rate of interest in each case being three per cent.

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 $3\frac{1}{4}$ per cent.

In the ORDINARY BRANCH the surplus shown is £1,791,199, including the sum of £152,003 brought forward from last year. Out of this surplus the Directors have added £800,000 to the Investments Reserve Fund which after writing down book values by £100,000 stands as at 31st December, 1920, at £2,500,000, and £163,226 has been carried forward.

A bonus of £1 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, 1920.

In the INDUSTRIAL BRANCH the surplus shown is £1,132,538, including the sum of £72,394 brought forward from last year, and £100,000 transferred from the Courts (Emergency Powers) Act Reserve. Out of this surplus the Directors have added £645,467 to the Investments Reserve Fund which after deducting £45,467 representing realised loss on investments, and writing down book values by £100,000 stands as at 31st December, 1920, at £1,600,000; £100,000 has been carried to the Common Contingency Fund, and £68,988 has been carried forward.

Although the provisions of the Courts (Emergency Powers) Act are still operative it is not considered necessary to retain any special reserve in addition to the reserve held against policies kept in force under the Act.

The total surplus of the two branches is £2,923,737. Of this amount £800,000 has been added to the Investments Reserve Fund of the Ordinary Branch, £645,467 has been added to the Investments Reserve Fund of the Industrial Branch, and £100,000 to the Common Contingency Fund; £746,056 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 £232,214 to be carried forward, namely £163,226 in the Ordinary Branch and £68,988 in the Industrial Branch.

In the GENERAL BRANCH there has been a very satisfactory increase in the number of policies issued and the premiums received. In view of the fact that the larger proportion of the business has been written in the second half of the year it has been considered advisable to retain $47\frac{1}{2}$ per cent. of the premiums paid for unexpired risks, and to carry forward the balance as 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.

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.

The Directors regret that the amount of surplus shown in respect of the past year, after making the necessary transfers to the Investments Reserve Funds, does not permit of the allocation of any bonus to the Industrial Branch policyholders or to the staff or to the shareholders. Moreover the shareholders as in the preceding five years will again suffer a diminution of £100,000 in their fixed dividend.

Although the direct strain of the War in death claims has almost disappeared, the profit earning power of the Company is still adversely affected by the heavy rate of Income Tax, and the greatly increased charges for expenses, whilst in addition profits earned have to meet the unprecedented fall in the value of securities. These are all direct effects of the War which can only be removed by the re-establishment of normal conditions. It has been found necessary to carry the large sum of £1,445,467 to the Investments Reserve Funds and £100,000 to the Common Contingency Fund. Of the amount carried to Investments Reserve Funds, £45,467 has been taken to meet realised losses on investments, the sum of £200,000 has been applied to writing down the values of securities, and the combined Investments Reserve Funds now amount to £4,100,000, whilst the Common Contingency Fund stands at £200,000.

The four Prudential Approved Societies have during the year paid to their members, benefits amounting to approximately £2,092,500, making a total of over £12,316,500 paid since National Insurance was introduced. The number of persons admitted to membership of the Societies during the year was 318,703, of whom 137,974 were men and 180,729 women.

At the Extraordinary General Meetings of the Shareholders held in September, 1920, Sir THOMAS DEWEY, Bart., was appointed President of the Company. Sir THOMAS entered the service of the Company in 1857 and occupied the position of Manager from 1873 to 1907 when he was elected Deputy Chairman. In September, 1910, he was elected Chairman, a position which he occupied until his appointment as President. In accordance with the Articles of Association of the Company Sir THOMAS offers himself for re-appointment as President.

The Board of Directors elected Mr. A. C. THOMPSON to fill the post of Chairman, and Sir JOSEPH BURN, K.B.E., F.I.A., was appointed General Manager and Actuary of the Company.

With sincere regret the Directors have accepted the resignation of Sir WILLIAM LANCASTER, which was tendered on account of advancing years. Sir WILLIAM entered the service of the Company in 1858 and was appointed Secretary in 1874; he has been a member of the Board for over twenty years, during seven of which he occupied the position of Deputy Chairman.

The vacancy in the Directorate caused by the resignation of Sir WILLIAM LANCASTER has been filled by the appointment of his son, Mr. JOHN ROY LANCASTER, a qualified shareholder. Mr. LANCASTER now offers himself for election.

The retiring Directors are Mr. ALFRED CORDEROY THOMPSON, Mr. WILLIAM THOMAS PUGH, and Mr. DANIEL WINTRINGHAM STABLE, 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.

A. C. THOMPSON,
Chairman.

HOLBORN BARS,
17th February, 1921.

REVENUE ACCOUNT OF THE ORDINARY BRANCH
FOR THE YEAR ENDING 31ST DECEMBER, 1920, IN RESPECT OF LIFE ASSURANCE BUSINESS.

	£	s.	d.		£	s.	d.
Amount of life assurance fund at the beginning of the year	55,430,020	3	8	Claims under policies paid and outstanding:—			
Premiums	8,800,748	13	7	By death	1,477,965	16	9
Consideration for annuities granted	63,345	19	10	By maturity	3,795,575	3	3
Interest, discounts and dividends	£2,795,308	1	7	Surrenders			5,273,541
Less income tax thereon	579,629	1	7	Bonuses surrendered for cash			237,296
				Annuities			65,647
				Commission			127,241
				Expenses of management			728,970
				Amount transferred to profit and loss account			408,868
				Amount transferred to Investments Reserve fund			81,917
				Amount of life assurance fund at the end of the year			800,000
							58,786,311
							£66,509,793
	£66,509,793	17	1				17
							1

NOTES.—During the year 142,163 policies were issued assuring £23,628,225. The amount received by way of single premiums was £9,676 1s. 5d. The yearly renewal premium income was £1,687,280 14s. 3d. No business is transacted out of the United Kingdom.

BALANCE SHEET OF THE ORDINARY BRANCH ON THE 31ST DECEMBER, 1920.

LIABILITIES.			ASSETS.		
	£	s. d.		£	s. d.
Life assurance fund	58,786,311	1 4	Mortgages on property within the United Kingdom	5,498,892	4 3
Investments reserve fund, 1st January	£1,800,000	0 0	Mortgages on property out of the United Kingdom	126,653	5 2
Less depreciation written off	100,000	0 0	Loans on parochial and other public rates	3,741,662	13 11
			Loans on Life interests	623,342	18 11
			Loans on Reversions	43,308	4 3
			Loans on stocks and shares	243,821	15 4
			Loans on Company's policies within their surrender values	2,195,287	5 6
			Loans on Personal security	Nil	
			Loans to Educational Institutions secured on Income	31,911	4 7
			Investments:—		
Add amount transferred from Ordinary Branch Revenue account	800,000	0 0	British Government securities	23,034,291	15 3
			Bank of England stock	159,685	14 3
			Municipal and county securities, United Kingdom	793,437	12 3
			Indian and Colonial Government securities	3,679,823	19 3
			Colonial provincial securities	540,003	2 7
			Colonial municipal securities	2,103,724	6 7
			Foreign Government securities	3,852,252	10 11
			Foreign provincial securities	123,202	1 3
			Foreign municipal securities	1,477,108	19 8
			Railway and other debentures and debenture stocks and gold and sterling bonds—Home and Foreign	6,347,648	11 10
			Railway and other preference and guaranteed stocks and shares	1,736,700	13 7
			Railway and other ordinary stocks and shares	2,686,551	7 7
			Rent charges	363,567	11 11
			Life interests	34,626	14 6
			Reversions	842,091	9 5
			Outstanding premiums	309,437	1 8
			Outstanding interest	36,696	13 6
			Interest and dividends accrued but not payable	331,999	1 1
			Bills receivable	Nil	
			Cash in hand and on current accounts	802,239	9 6
	£61,769,968	9 9		£61,769,968	9 9

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, 1920, 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.

JOSEPH BURN, *General Manager and Actuary.*

A. C. THOMPSON, *Chairman.*

G. E. MAY, *Secretary.*

EDGAR HORNE,
G. P. HARBEN, } *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, 1920, 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 above account, and we certify that they were in possession and safe custody as on December 31st, 1920.

15th February, 1921.

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

REVENUE ACCOUNT OF THE INDUSTRIAL BRANCH
FOR THE YEAR ENDING 31ST DECEMBER, 1920, IN RESPECT OF LIFE ASSURANCE BUSINESS.

<p>19. Amount of life assurance fund at the beginning of the year Premiums Interest, discounts, dividends and rents £2,826,098 4 11 Less income tax thereon 367,972 4 7</p> <p>Amount received from General Branch for Approved Societies' expenses Amount transferred from Courts (Emergency Powers) Act Reserve</p> <p>5,273,541 0 0 237,296 10 8 66,647 8 1 127,241 1 5 728,970 19 11 408,968 15 8 81,917 0 0 800,000 0 0 58,786,311 1 4</p> <p>£66,509,793 17 1</p> <p>676 ls. 6d.</p>	<p>63,696,797 17 5 12,991,608 3 7</p> <p>2,458,126 0 4 652,577 4 1 100,000 0 0</p> <p>£69,899,109 5 5</p>	<p>Claims under policies paid and outstanding:— By death £3,031,319 9 5 By maturity 364,972 7 6</p> <p>Surrenders</p> <p>Commission:— Agency charges including salaries of 12,406 agents for the collection of premiums from 21,839,266 policies £2,422,904 13 0 Special new business charges... .. 1,110,279 9 3</p> <p>Expenses of management:— Policy, postage, and receipt stamps (Head Office only) £107,478 3 5 Superintendency charges 682,100 12 3 Medical fees 86,425 15 11 Head Office expenses 1,504,542 14 2</p> <p>Amount transferred to investments reserve fund Amount transferred to profit and loss account Amount transferred to common contingency fund Amount of life assurance fund at the end of the year</p> <p>£3,380,291 16 11 281,302 13 0 3,533,184 2 3 2,380,547 5 9 645,467 5 8 318,083 0 0 100,000 0 0 69,244,233 1 10</p> <p>£69,899,109 5 5</p>
--	--	---

20.

6,498,892 4 3	126,663 5 2	3,741,662 13 11	623,342 18 11	43,308 4 8	243,821 15 4	2,195,287 5 6	<i>Nil</i>	31,911 4 7
28,034,291 16 2	169,686 14 3	793,437 12 2	3,679,823 19 9	540,003 2 7	2,103,724 6 7	3,862,262 10 11	123,202 1 9	1,477,108 19 8
6,347,648 11 10	1,736,700 13 7	2,686,551 7 7	363,567 11 11	84,628 14 6	842,091 9 6	309,437 1 8	36,696 13 6	331,999 1 1
				<i>Nil</i>	802,239 9 6			
					£61,759,968 9 9			

NOTES.—During the year 2,117,414 policies were issued, assuring a maximum sum of £62,265,142. No business is transacted out of the United Kingdom.

BALANCE SHEET OF THE INDUSTRIAL BRANCH ON THE 31ST DECEMBER, 1920.

has been made for to the actual saleable value of the permanent book values and the same stated therein, less

PERSON, Chairman.

NE, } Directors.

all the information and a true and correct view

RETAN, } Auditors.

LLS, }

r 31st, 1920, and we find the same set out in the above

Chartered Accountants

LIABILITIES.		ASSETS.	
Shareholders' capital	1,000,000 0 0	Mortgages on property within the United Kingdom ...	1,472,573 12 8
Life assurance fund	59,244,233 1 10	Mortgages on property out of the United Kingdom ...	<i>Nil</i>
Investments reserve fund, 1st January... ..	£1,100,000 0 0	Loans on parochial and other public rates	7,490,020 16 10
Less depreciation written off	145,467 5 8	Loans on Life interests	381,633 12 0
	954,532 14 4	Loans on Personal security	<i>Nil</i>
Add amount transferred from Industrial Branch Revenue account	645,467 5 8	Loans to Educational institutions secured on Income ...	260 9 0
Common contingency fund, 1st January	£100,000 0 0	Investments:—	
Add amount transferred from Industrial Branch Revenue account	100,000 0 0	Deposit with the High Court (£17,122 14s. 0d. 5%)	
Claims under life policies intimated and in course of payment	5,000 0 0	War Loan, 1929-1947)... ..	16,080 19 1
Deposit as security for return of securities borrowed	13,000 0 0	British Government securities	28,707,249 14 11
Balance standing to credit of profit and loss account	318,083 0 0	Municipal and county securities, United Kingdom ...	1,089,248 10 4
		Indian and Colonial Government securities	1,064,863 16 4
		Colonial provincial securities	264,611 6 0
		Indian and Colonial municipal securities	721,165 0 8
		Foreign Government securities... ..	2,005,769 2 11
		Foreign provincial securities	142,281 18 2
		Foreign municipal securities	841,306 2 10
		Railway and other debentures and debenture stocks and gold and sterling bonds—Home and Foreign...	5,546,198 5 8
		Railway and other preference and guaranteed stocks and shares	1,100,127 6 8
		Railway and other ordinary stocks and shares	123,985 18 5
		Freehold ground rents and Scotch feu duties	4,764,657 9 6
		Leasehold ground rents	267 19 0
		House property	4,874,038 14 0
		Agents' Balances	13,172 18 4
		Outstanding premiums	504,535 6 8
		Outstanding interest and rents	190,024 4 7
		Interest, dividends and rents accrued but not payable ...	148,573 8 10
		Bills receivable	<i>Nil</i>
		Cash:—	
		On deposit	20,000 0 0
		In hand and on current accounts	917,801 8 6
	£62,380,316 1 10		£62,380,316 1 10

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, 1920, 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.

JOSEPH BURN, *General Manager and Actuary.*

A. C. THOMPSON, *Chairman.*

G. E. MAY, *Secretary.*

EDGAR HORNE, } *Directors.*
G. P. HARBEN, }

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, } *Auditors.*
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, 1920, 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 above account, and we certify that they were in possession and safe custody as on December 31st, 1920.

15th February, 1921.

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

REVENUE ACCOUNTS OF THE GENERAL BRANCH
FOR THE YEAR ENDING 31ST DECEMBER, 1920, IN RESPECT OF FIRE, SICKNESS AND ACCIDENT,
EMPLOYERS' LIABILITY AND MISCELLANEOUS INSURANCE BUSINESS.

	£	s.	d.		£	s.	d.
Amount of insurance funds at the beginning of the year	81,766	16	7	Claims under policies paid, and outstanding fire and miscellaneous claims	60,899	19	1
Premiums	210,843	11	9	Commission	37,395	3	8
Interest	£12,367	17	0	Expenses of management	66,490	11	3
Less Income Tax thereon	3,710	7	2	Amount transferred to Industrial Branch for Approved Societies' expenses	652,677	4	1
	8,667	9	10	Contribution to fire brigade	46	0	3
Amount received from Approved Societies for expenses	662,677	4	1	Amount of insurance funds at the end of the year— Reserve for unexpired risks and Sickness insurances £137,930 6 3			
				Total estimated liability in respect of outstanding sickness and accident and employers' liability insurance claims	7,054	19	4
				Balance carried forward	1,450	19	6
					146,436	5	1
	£953,846	2	3		£953,846	2	3

FOR THE YEAR ENDING 31ST DECEMBER, 1920, IN RESPECT OF SINKING FUND BUSINESS.

	£	s.	d.		£	s.	d.
Amount of insurance fund at the beginning of the year	13,991	11	3	Claims under policies paid and outstanding			
Premiums	11,821	2	7	Surrenders	624	2	0
Interest	£1,128	17	4	Commission	933	1	0
Less Income Tax thereon	338	13	2	Expenses of management	94	16	4
	790	4	2	Amount of insurance fund at end of the year	24,960	16	8
	£26,602	18	0		£26,602	18	0

BALANCE SHEET OF THE GENERAL BRANCH ON THE 31ST DECEMBER, 1920.

LIABILITIES.		£	s.	d.	ASSETS.		£	s.	d.
Authorised Capital, 1,000,000 "B" shares of £1 each, £1,000,000.					Deposit with High Court (£20,000 National War Bonds 6% 1928)		19,981	5	0
Subscribed Capital, 1,000,000 shares of £1 each, 2s. paid	100,000	0	0	British Government securities	211,613	18	11		
Sinking fund insurance fund	24,960	18	8	Colonial Government securities	9,603	6	10		
Fire, sickness and accident, employers' liability and miscellaneous insurance funds	146,436	5	1	Outstanding premiums	27,716	13	4		
Reserve for Income Tax	5,050	9	2	Cash on current accounts	43,962	2	6		
Claims intimated and in course of payment	10,533	17	9						
Amount due for reinsurances	25,895	15	11						
	£312,867	6	7				£312,867	6	7

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 values of these securities as set forth in the Balance Sheet stand at or under cost 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.

JOSEPH BURN, *General Manager and Actuary.*

A. C. THOMPSON, *Chairman.*

G. E. MAY, *Secretary.*

EDGAR HORNE,
G. P. HARBEN, } *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 explanation 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 ending December 31st, 1920, 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 above account, and we certify that they were in possession and safe custody as on December 31st, 1920.

15th February, 1921.

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

**COMBINED BALANCE SHEET BEING THE SUMMARY OF ALL BRANCHES ON THE
31ST DECEMBER, 1920.**

LIABILITIES.		£	s.	d.	ASSETS.		£	s.	d.
Shareholders' capital.					Mortgages on property within the United Kingdom...				
Nominal capital:—					Mortgages on property out of the United Kingdom...	6,971,465	16	11	
1,000,000 shares of £1 each ...	£1,000,000				Loans on parochial and other public rates ...	126,653	5	2	
1,000,000 "B" shares of £1 each...	1,000,000				Loans on Life interests ...	11,231,683	10	9	
					Loans on Reversions ...	1,004,976	10	11	
	<u>£2,000,000</u>				Loans on Stocks and shares ...	43,308	4	8	
Issued capital:—					Loans on Company's policies within their surrender values ...	243,821	15	4	
1,000,000 shares of £1 each, fully paid ...	£1,000,000				Loans on Personal security ...	2,195,287	5	6	
1,000,000 "B" shares of £1 each, 2s. paid ...	100,000				Loans to Educational Institutions secured on income ...	<i>Nil</i>			
Life assurance fund—		1,100,000	0	0	Investments:—	32,171	13	7	
Ordinary Branch ...		58,786,311	1	4	Deposit with the High Court:—				
Life assurance fund—					£17,122 14s. 6% War Loan, 1929-1947 }	36,062	4	1	
Industrial Branch ...		59,244,233	1	10	£20,000 5% National War Bonds 1928 }	61,953,155	9	0	
Insurance funds—					British Government securities ...	159,686	14	3	
General Branch ...		171,387	3	9	Bank of England stock ...	1,882,686	2	6	
Investments reserve funds ...		4,100,000	0	0	Municipal and county securities, United Kingdom	4,754,291	2	11	
Common contingency fund ...		200,000	0	0	Indian and Colonial Government securities ...	794,514	8	7	
Claims intimated and in course of payment ...		367,795	13	8	Colonial provincial securities ...	2,824,889	7	3	
Reserve for income tax—General Branch ...		5,050	9	2	Indian and Colonial municipal securities ...	6,858,011	13	10	
Annuities due and unpaid ...		3,681	2	6	Foreign Government securities ...	255,483	19	11	
Amount due for reinsurances ...		25,895	15	11	Foreign provincial securities ...	2,318,416	2	6	
Balance standing to credit of Profit and loss account		400,000	0	0	Foreign municipal securities ...				
Deposit as security for return of securities borrowed		48,797	10	0	Railway and other debentures and debenture stocks and gold and sterling bonds—Home and Foreign ...	11,893,846	17	6	
					Railway and other preference and guaranteed stocks and shares ...	2,836,828	0	3	
					Railway and other ordinary stocks and shares	2,810,637	0	0	
					Rent charges ...	363,667	11	11	
					Freehold ground rents and Scotch feu duties...	4,754,667	9	6	
					Leasehold ground rents ...	267	19	0	
					House property ...	4,374,036	14	0	
					Life interests ...	34,626	14	6	
					Reversions ...	842,091	9	5	
					Agents' balances ...	13,172	18	4	
					Outstanding premiums ...	841,089	1	8	
					Outstanding interest and rents	226,720	18	1	
					Interest, dividends and rents accrued but not payable	480,572	9	11	
					Bills receivable ...	<i>Nil</i>			
					Cash:—				
					On deposit ...	20,000	0	0	
					In hand and on current accounts ...	1,763,993	0	6	
		<u>£124,453,161</u>	<u>18</u>	<u>2</u>		<u>£124,453,161</u>	<u>18</u>	<u>2</u>	

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31ST DECEMBER, 1920.

		£	s.	d.			£	s.	d.
Balance of last year's account:—					Dividend to Shareholders in respect of the year 1919 ...				
Ordinary Branch ...	£104,905	0	0		Balance as per Balance Sheet				
Industrial Branch ...	295,096	0	0		Ordinary Branch ...	£81,917	0	0	
				400,000	0	0			400,000
Allocation to Shareholders out of profits for 1920 (after transfer to Investments Reserve Fund of £1,445,467 8s. 8d. and reserving for Bonus to policyholders, Ordinary Branch, £746,056):—					Industrial Branch ...	318,083	0	0	
Ordinary Branch ...	£81,917	0	0						400,000
Industrial Branch ...	318,083	0	0						£800,000
				400,000	0	0			
		<u>£800,000</u>	<u>0</u>	<u>0</u>					

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, 1920, 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.

JOSEPH BURN, *General Manager and Actuary.*

A. C. THOMPSON, *Chairman.*

G. E. MAY, *Secretary.*

EDGAR HORNE, }
G. P. HARBEN, } *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.*

We have examined the Cash transactions (receipts and payments) affecting the accounts of the Assets and Investments for the year ended December 31st, 1920, 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 above account, and we certify that they were in possession and safe custody as on December 31st, 1920.

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

15th February, 1921.

P00001807

0545-007

PRUDENTIAL
Assurance Company Limited.

HOLBORN BARS, LONDON.

DIRECTORS' REPORT
AND
STATEMENT OF ACCOUNTS

At 31st December, 1920.

(5815) 15-2/21.

Printers: SIR JOSEPH CAUSTON & SONS, Limited, London, E.C. 3.

P00001808

0545-008