

The  
Prudential Assurance Company  
LIMITED

SEVENTY-SEVENTH  
ANNUAL REPORT

For the Year ending 31st December, 1925



THE PRUDENTIAL ASSURANCE COMPANY, LIMITED, LONDON, ENGLAND.

*President:*

SIR THOMAS DEWEY, Bt.

*Directors:*

ALFRED CORDEROY THOMPSON, *Chairman*

EDGAR HORNE, *Deputy-Chairman*

GUY PHILIP HARBEN, O.B.E.

JAMES MOON

JOHN ROY LANCASTER

Lt.-COL. PERCY LESTER REID, O.B.E.

SIR JOHN HENRY LUSCOMBE

FREDERICK SCHOOLING, F.I.A.

SIR JOHN PAGET MELLOR, Bt., K.C.B.

DANIEL WINTRINGHAM STABLE, LL.B., J.P.

*Secretary:*

SIR GEORGE MAY, K.B.E., F.I.A.

*Assistant Secretaries:*

P. C. CRUMP, O.B.E., F.I.A.

E. H. LEVER, F.I.A.

*Actuary:*

E. P. SYMMONS, F.I.A.

*Assistant Actuaries:*

C. S. KELHAM, F.I.A.

R. LEVEY, F.I.A.

*Assistant Managers:*

E. J. W. BORRAJO, M.B.E., A.I.A.

F. D. McMILLAN

H. H. REDMAN

A. H. SABIN

*Deputy General Managers:*

E. DEWEY

H. R. GRAY

E. F. SPURGEON, F.I.A.

*General Manager:*

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



Chief Office: HOLBORN BARS, LONDON, ENGLAND.

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# HOME DISTRICT OFFICES

WHERE ALL CLASSES OF INSURANCE MAY BE EFFECTED.

## LONDON :

334, Holloway Road, N.7.  
 271, Whitechapel Road, E.1.  
 Central Park Rd., Barking Rd., E.6.  
 415, High Street, Stratford, E.15.  
 189, Hoe St., Walthamstow, E.17.  
 High Street, Lewisham, S.E.13.  
 29, Green's End, Woolwich, S.E.18.  
 362, North End Road, Fulham, S.W.6.

12, South Side, Clapham Common, S.W.4.  
 4, Station Parade, Balham, S.W.12.  
 103, Ladbroke Grove, W.11.  
 111, Edgware Road, W.2.  
 8, New Broadway, Ealing, W.5.  
 46, High Road, Chiswick, W.4.  
 178, Finchley Road, N.W.3.

Aberdare	Consett	Kettering	Rugby
Aberdeen	Cork	Kilmarnock	Ryde
Abertillery	Coventry	Kirkcaldy	St. Helens
Accrington	Crewe	Lancaster	Seaham Harbour
Altrincham	Croydon	Leamington	Selby
Ammanford	Darlington	Leeds	Sheffield
Arbroath	Derby	Leicester	Shipley
Ashington	Dewsbury	Leigh, Lancs.	Shrewsbury
Ashton-under-Lyne	Doncaster	Lewes	Sittingbourne
Ayr	Douglas (I. of M.)	Lichfield	Skipton
Bacup	Dover	Lincoln	Southampton
Banbury	Dublin	Liverpool	Southend-on-Sea
Barnsley	Dumbarton	Llanely	Southport
Barnstaple	Dumfries	Long Eaton	South Shields
Barrow	Dundee	Loughborough	Stafford
Bath	Dunfermline	Louth	Stalybridge
Bathgate	Durham	Lowestoft	Staple Hill (Bristol)
Batley	Eastbourne	Luton	Stirling
Bedford	Edinburgh	Macclesfield	Stockport
Belfast	Ely	Maidstone	Stockton-on-Tees
Birkenhead	Enfield	Manchester	Stoke-on-Trent
Birmingham	Exeter	Mansfield	Stroud
Bishop Auckland	Falkirk	Margate	Sunderland
Blackburn	Faversham	Melton Mowbray	Sutton
Blackpool	Folkestone	Merthyr Tydfil	Swansea
Blaydon	Frome	Middlesbrough	Swindon
Blyth	Garston	Motherwell	Tamworth
Bolton	Gateshead	Neath	Taunton
Bournemouth	Glasgow	Nelson	Tonbridge
Bradford	Gloucester	Newbury	Torquay
Bridgend	Gorton	Newcastle-on-Tyne	Truro
Brighouse	Gosport	Newport, Mon.	Tunbridge Wells
Brighton	Gravesend	Newton Abbot	Wakefield
Bristol	Grays	Northampton	Wallasey
Bromley, Kent	Greenock	North Shields	Walsall
Burnley	Grimsby	Norwich	Warrington
Bury	Guildford	Nottingham	Waterford
Bury St. Edmunds	Halifax	Oldham	Watford
Caerphilly	Hamilton	Oswestry	Wednesbury
Camborne	Hanley	Oxford	West Bromwich
Cambridge	Harrogate	Paisley	West Hartlepool
Canterbury	Hastings	Pentre, Glam.	Weston-super-Mare
Cardiff	Haverfordwest	Perth	Weymouth
Carlisle	Hawick	Peterborough	Wigan
Carnarvon	Hereford	Plymouth	Winchester
Castleford	Hertford	Pontefract	Wolverhampton
Chatham	High Wycombe	Pontypridd	Wolverton
Chelmsford	Huddersfield	Poole	Woolston
Cheltenham	Hull	Portsmouth	Worcester
Chester	Ilkeston	Preston	Workington
Chesterfield	Inverness	Pudsey	Worksop
Clifton	Ipswich	Reading	Wrexham
Coatbridge	Jersey	Red Hill	Yarmouth
Colchester	Keighley	Rochdale	York
Colwyn Bay	Kendal	Rotherham	

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REPRESENTATIVES FOR THE TRANSACTION OF CERTAIN CLASSES OF INSURANCE HAVE ALSO BEEN APPOINTED IN :

Alexandria	Buenos Aires	Helsingfors	Paris	Vancouver
Amsterdam	Calcutta	Kobe	Shanghai	Wellington
Antwerp	Christchurch	Manila	Singapore	Winnipeg
Auckland	Copenhagen	Melbourne	Sydney	Yokohama
Batavia	Hamburg	Montreal	Tientsin	
Bombay	Havana	Oslo	Toronto	

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# THE PRUDENTIAL ASSURANCE COMPANY LIMITED

## SEVENTY-SEVENTH ANNUAL REPORT

For the Year ending 31st December, 1925

THE DIRECTORS have much pleasure in presenting their Report and Accounts for the year 1925.

The **Total Assets** of the Company now amount to £185,140,143, as compared with £171,049,265 a year ago, *i.e.*, an increase of £14,090,878.

The **Total Income** during 1925 was £37,552,553, as compared with £35,136,037 in 1924, *i.e.*, an increase of £2,416,516.

The **Total Surplus** arising from the Life business is £7,087,785, of which £1,000,000 has been carried to the Investments Reserve Funds, £250,000 to the Common Contingency Fund, £3,935,045 has been set aside to provide for bonuses to the Ordinary and Industrial Branch Policyholders, £850,000 to the holders of "A" shares, £440,945 to the Superintendency and Agency Staff, £167,979 to the Special Contingency Fund in accordance with the Articles of Association, and £443,816 has been carried forward.

**Ordinary Branch.**—The number of policies issued during the year was 76,796, assuring the sum of £14,641,970, and producing a new annual premium income of £994,776. The premiums received were £10,676,733, being an increase of £664,497 over those for the year 1924.

The claims for the year amounted to £7,223,192. The number of deaths was 10,951 and of matured endowment assurances 48,980, the combined annual premium income being £433,751.

The number of life policies in force at the end of the year was 1,107,272, assuring with bonus £169,102,350 and producing a premium income of £10,213,779 per annum. The immediate annuities payable were 3,902 in number, and amounted to £153,379 per annum. In addition there were 1,281 deferred and contingent annuities, securing £24,411 per annum by an annual premium income of £11,872.

**Industrial Branch.**—The premiums received during the year were £15,883,871, being an increase of £673,581 over those for the year 1924.

The claims for the year amounted to £4,857,057. The total number of claims and surrenders was 569,863 on 683,588 policies, of which 88,473 were matured endowment assurances.

The number of free policies granted during the year was 116,711, the number in force being 2,375,467. The number of free policies which became claims was 68,958.

The total number of policies in force in this Branch at the end of the year was 24,469,494, assuring a maximum sum of £419,086,212, exclusive of bonus and producing an annual premium income of £16,597,129. The average duration of the whole life premium paying policies in force exceeds 17 years.

**General Branch.**—The premiums received, after deduction of re-insurances, in respect of Fire, Sickness and Accident, Employers' Liability and Miscellaneous insurances, were £854,596, being an increase for the year of £191,484. The claims for the year amounted to £316,186.

The premiums received under Sinking Fund policies were £51,763. The capital sum insured under these policies is £3,333,711.

The premiums received during the year on Marine insurance business, after deduction of re-insurances, commission, discounts, brokerages and returns, amounted to £460,902. The claims during the year in respect of the risks written in 1925, and previous years, were £473,625.

The **Staff Provident Fund**, which was founded in 1898 for the benefit of the outdoor staff, amounts to £361,030.

The **Valuation** has been made by Mr. F. P. SYMMONS, F.I.A.

In the **Ordinary Branch** the valuation basis has been strengthened by using the British Offices' <sup>OM</sup> Table of Mortality for life risks instead of the Institute of Actuaries <sup>H</sup> Table. The British Offices' Life Annuity Tables 1893 have been used as heretofore for the annuities, the reserves being specially strengthened by assuming all annuitants to be select lives.

In the **Industrial Branch** the valuation was made on the same mortality basis as last year, namely, the English Life Tables (No. 8).

The net premiums only have been valued in both Life Assurance Branches, the rate of interest in case being 3 per cent. P00001968

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 Marine Section it will be seen from the accounts that the fund at the end of the year was **£531,150** as compared with the year's premium income of **£460,902**.

In the **Ordinary Branch** the surplus shown is **£2,727,974**, including the sum of **£330,111** brought forward from last year. Out of this surplus the Directors have added **£500,000** to the Investments Reserve Fund, which stands as at 31st December, 1925, at **£3,750,000**. **£1,837,308** has been set aside to provide a bonus to the participating policyholders, **£202,718** has been transferred to Profit and Loss Account, and the balance of **£187,948** has been carried forward. The above-stated amount of **£1,837,308** is sufficient to provide a bonus of **£2 2s.** per cent. on the original sums assured, and a bonus at that rate will be allocated to participating policies in the Ordinary Branch which were in force on the 31st December, 1925.

In the **Industrial Branch** the surplus shown is **£4,359,811**, including the sum of **£160,402** brought forward from last year. Out of this surplus the Directors have added **£500,000** to the Investments Reserve Fund, which stands as at 31st December, 1925, at **£3,000,000**; **£2,097,737** has been set aside to provide for a bonus to policyholders; **£647,282** has been transferred to Profit and Loss Account; **£440,945** has been reserved for bonus to the members of the outdoor staff, **£250,000** has been transferred to the Common Contingency Fund, **£167,979** to the Special Contingency Fund, and the balance of **£255,868** has been carried forward.

A contingent reversionary bonus vesting after 10 years from the date of the policy of **£1 10s.** per cent. on the sum assured, has been added to all with profit policies issued on or after **1st January, 1923**, and on which premiums were being paid on **31st December last**. It has been decided that the reversionary bonuses declared for the years 1923 and 1924 shall also vest after 10 years from the date of the policy instead of after 15 years. The contingent reversionary bonus will be calculated on the amount payable on a claim arising by death or maturity provided the policy has then been 10 years in force. In addition, these policies on becoming claims after they have been not less than 5 years and under 10 years in force will share in any interim bonus which may be declared.

All policies issued before **1st January, 1923**, which are in force (except those in the Irish Free State), and which are entitled to participate under the bonus distribution scheme, on which 10 years' premiums have been paid and which become claims by death or maturity of endowment between **5th March, 1926**, and **5th March, 1936**, both dates inclusive, will receive a bonus addition as follows :—

Premiums paid for.	Amount of claim increased by.
	£ s.
10 years and less than 15 years .. .. .	5 0 per cent.
15 " " " " 20 " .. .. .	7 10 " "
20 " " " " 25 " .. .. .	10 0 " "
25 " " " " 30 " .. .. .	12 10 " "
30 " " " " 35 " .. .. .	15 0 " "
35 " " " " 40 " .. .. .	17 10 " "
40 " " " " 45 " .. .. .	20 0 " "
45 " " " " 50 " .. .. .	25 0 " "
50 " " " " 55 " .. .. .	35 0 " "
55 " " " " 60 " .. .. .	50 0 " "
60 " " " " 65 " .. .. .	60 0 " "
65 " " " " 70 " .. .. .	65 0 " "
70 " " upwards .. .. .	70 0 " "

These bonuses are inclusive of, and not in addition to, those declared in March, 1925, which were guaranteed for eight years to 2nd March, 1933. The bonuses now declared are guaranteed for a period of ten years to 5th March, 1936.

In the Irish Free State the basis of taxation is less favourable than in the United Kingdom and in addition the surplus is proportionately much less. It has therefore been decided that the above rates of bonus for policies issued before 1st January, 1923, shall not apply to policies in force in the Irish Free State, but such policies will continue to receive bonus at the rates and for the period previously guaranteed.

The total amount which has been allotted under our profit-sharing scheme since its initiation by way of bonus to the Industrial Branch policyholders and outdoor staff is £9,545,292, made up as follows :—

Year.	Outdoor Staff.	Policyholders.	TOTAL.
	£	£	£
From March, 1908, to March, 1923	805,920	2,960,000	3,765,920
March, 1924 .. .. .	227,642	906,650	1,134,292
March, 1925 .. .. .	387,097	1,719,301	2,106,398
March, 1926 .. .. .	440,945	2,097,737	2,538,682
	<u>£1,861,604</u>	<u>£7,683,688</u>	<u>£9,545,292</u>

The important changes which have been effected during recent years in the organisation of the work of the Industrial Branch both at Chief Office and among the Superintendency and Agency Staff have resulted in a progressive decrease in the rate of expenditure in this branch, as shown by the following table :—

Year.	Expense Ratio.
1920 .. .. .	40·50 per cent. of Total Premiums received.
1921 .. .. .	36·92 " " " "
1922 .. .. .	32·12 " " " "
1923 .. .. .	29·74 " " " "
1924 .. .. .	27·86 " " " "
1925 .. .. .	26·59 " " " "

In 1878 the Company initiated the practice of granting free policies to those policyholders who discontinued payment of premiums on weekly policies of 10 years' duration provided that the life assured had attained the age of 21 years. In 1882 this concession was extended to policies of 5 years' duration. On the introduction of monthly premium contracts in 1904 free policies were granted under these tables to policies of 3 years' duration irrespective of the age of the life assured. In 1907 the age at which free policies were granted was reduced from 21 years to 15 years in the case of weekly premium policies.

In view of the reduction in expenses which has resulted from the reorganisation mentioned above, the Directors have decided as from 1st January, 1926, to grant free policies to weekly policies which have been 3 years in force provided that the life assured has attained the age of 10 years.

The four Prudential Approved Societies have paid during the year to or on behalf of their members benefits amounting approximately to £3,713,000, making a total of over £28,769,000 since National Health Insurance was introduced. Included in the amount paid during the year is a sum of £238,137 expended on Additional (non-cash) Benefits granted as a result of the first valuation of the Societies, and made up as follows :—Dental Treatment £101,925, Hospital and Convalescent Home Treatment £115,240, Medical and Surgical Appliances £2,497, Optical Treatment £15,635, and Nursing £2,840. The number of persons admitted to membership of the Societies during the year was 295,607, of whom 129,881 were men and 165,726 women.

The Directors deplore the loss of one of their colleagues, Mr. WILLIAM THOMAS PUGH, who died on 9th January last. He was the senior Director, having been appointed on 16th April, 1885, and thus had completed over 40 years of service. The vacancy in the Directorate has been filled by the appointment of Lt.-Col. PERCY LESTER REID, O.B.E., a qualified shareholder. He now offers himself for election.

The retiring Directors are Mr. EDGAR HORNE, Sir JOHN HENRY LUSCOMBE and Mr. GUY PHILIP HARBEN, who offer themselves for re-election.

The Directors regret the death during the year of Mr. ISIDORE HENRI ALPHONSE MARCHAND, one of the Auditors, and have appointed Mr. FRANK HAYCRAFT, a qualified shareholder, to fill the vacancy. Mr. WILLIAM HENRY NICHOLLS and Mr. FRANK HAYCRAFT offer themselves for re-election as Auditors.

At the end of the year SIR JOSEPH BURN, K.B.E., F.I.A., relinquished the office of Actuary to the Company, retaining that of General Manager. The Directors have appointed Mr. F. P. SYMMONS, F.I.A., to be Actuary to the Company.

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

A. C. THOMPSON,  
Chairman.

HOLBORN BARS,  
18th February, 1926.

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## REVENUE ACCOUNT OF THE ORDINARY BRANCH

For the Year ending 31st December, 1925, in respect of Life Assurance Business.

	£	s.	d.		£	s.	d.
Amount of Life assurance fund at the beginning of the year .. ..	72,595,918	3	0				
Premiums .. .. .	10,676,733	8	6				
Consideration for annuities granted	85,630	18	2				
Interest and dividends .. £4,090,060	19	1					
Less Income Tax 615,348	15	9					
	3,474,712	3	4				
				Claims under policies paid and outstanding:—			
				By death .. £1,764,258	12	0	
				By maturity 5,458,933	8	1	
					7,223,192	0	1
				Surrenders .. .. .	732,153	11	7
				Bonuses surrendered for cash ..	98,304	6	9
				Annuities .. .. .	152,043	11	5
				Commission .. .. .	642,265	10	0
				Expenses of management .. ..	606,912	6	3
				Corporation Profits Tax .. ..	7,523	10	9
				Transfer to Investments reserve fund	500,000	0	0
				Transfer to Profit and Loss account	202,718	0	0
				Amount of Life assurance fund at the end of the year .. .. .	76,667,881	16	2
	£86,832,994	13	0		£86,832,994	13	0

NOTE.—During the year 76,796 policies were issued for a sum assured of £14,641,970. The amount received by way of single premiums was £590,541 7s. 4d. The yearly renewal premium income was £994,775 19s. 11d.

## REVENUE ACCOUNT OF THE INDUSTRIAL BRANCH

For the Year ending 31st December, 1925, in respect of Industrial Assurance Business.

	£	s.	d.		£	s.	d.
Amount of Industrial assurance fund at the beginning of the year ..	86,784,726	18	3				
Premiums .. .. .	15,883,870	18	5				
Interest, dividends and rents £4,684,478	1	8					
Less Income Tax 273,440	5	5					
	4,411,037	16	3				
Amount received from General Branch for Approved Societies' expenses .. .. .	675,240	7	2	Claims under policies paid and outstanding:—			
				By death .. £3,914,729	0	4	
				By maturity 942,327	19	11	
					4,857,057	0	3
				Surrenders .. .. .	980,128	19	8
				Commission .. .. .	3,166,089	14	8
				Expenses of management .. ..	1,732,345	5	7
				Corporation Profits Tax .. ..	21,321	12	3
				Transfer to Investments reserve fund	500,000	0	0
				Reserve for bonus to members of Company's outdoor staff .. ..	440,944	17	8
				Transfer to Profit and Loss account	647,282	0	0
				Transfer to Common Contingency fund .. .. .	250,000	0	0
				Transfer to Special Contingency fund	167,979	0	0
				Amount of Industrial assurance fund at the end of the year .. .. .	94,991,727	10	0
	£107,754,876	0	1		£107,754,876	0	1

NOTE.—During the year 1,985,878 policies were issued, for a maximum sum assured of £47,583,623.

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## REVENUE ACCOUNTS OF THE GENERAL BRANCH

For the Year ending 31st December, 1925.

## Fire Insurance Business.

	£	s.	d.		£	s.	d.	
Amount of Fire insurance fund at the beginning of the year :—				Claims under policies paid and outstanding .. .. .	193,360	8	11	
Reserve for unexpired risks .. .. .	£142,518	3	9	Commission .. .. .	92,830	1	3	
Additional reserve .. .. .	134,027	8	1	Expenses of management .. .. .	106,665	2	3	
				Contributions to fire brigades .. .. .	739	11	4	
			276,545	11	10			
Premiums .. .. .			474,264	13	10			
Transfer from Profit and Loss account			27,161	13	4			
				Amount of Fire insurance fund at the end of the year :—				
				Reserve for unexpired risks being 40 per cent. of the premium income for the year .. .. .	£189,705	17	6	
				Additional reserve .. .. .	194,670	17	9	
						384,376	15	3
			<u>£777,971</u>	19	0			
						<u>£777,971</u>	19	0

## Sickness and Accident Insurance Business.

	£	s.	d.		£	s.	d.	
Amount of Sickness and Accident insurance fund at the beginning of the year :—				Payments under policies, including medical and legal expenses in connection therewith .. .. .	30,026	19	8	
Reserve for unexpired accident risks .. .. .	£38,723	6	3	Commission .. .. .	16,753	14	4	
Reserve for sickness risks .. .. .	27,290	0	0	Expenses of management .. .. .	33,496	10	8	
Total estimated liability in respect of outstanding claims	6,683	3	0	Amount transferred to Industrial Branch for Approved Societies' expenses .. .. .	675,240	7	2	
Additional reserve for accident risks	47,492	16	1	Transfer to Profit and Loss account ..	17,584	19	10	
			120,189	5	4			
Premiums .. .. .			111,691	8	11			
Amount received from Approved Societies for expenses .. .. .			675,240	7	2			
				Amount of Sickness and Accident insurance fund at the end of the year :—				
				Reserve for unexpired risks being 40 per cent. of the premium income for the year for accident risks .. .. .	£44,676	11	6	
				Reserve for sickness risks .. .. .	28,520	0	0	
				Total estimated liability in respect of outstanding claims	8,049	13	1	
				Additional reserve for accident risks	52,772	5	2	
						134,018	9	9
			<u>£907,121</u>	1	5			
						<u>£907,121</u>	1	5

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## REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

Employers' Liability Insurance Business transacted within the United Kingdom,  
including the Irish Free State.

		£	s.	d.			£	s.	d.		
Amount of Employers' Liability insurance fund at the beginning of the year:—					Payments under policies, including medical and legal expenses in connection therewith	.. ..	21,135	17	5	Amo	
Reserve for unexpired risks .. ..	£22,549	2	9		Commission .. .. .	.. ..	5,617	10	11	Pre:	
Total estimated liability in respect of outstanding claims	16,379	0	0		Expenses of management .. ..	.. ..	19,364	10	1	Int:	
Additional reserve..	19,991	17	9		Corporation Profits Tax .. ..	.. ..	416	2	10	Les	
				58,920	0	6					
Premiums .. .. .				64,569	9	11					
Interest and dividends	3,505	9	8		Transfer to Profit and Loss account in respect of business within the United Kingdom .. .. .	.. ..	1,022	3	2		
Less Income Tax .. ..	664	3	7		Amount of Employers' Liability insurance fund at the end of the year:—						
				2,841	6	1	Reserve for unexpired risks being 40 per cent. of the premium income for the year ..	£25,827	16	0	
Transfer from Profit and Loss account in respect of business within the Irish Free State .. .. .				1,022	3	2	Total estimated liability in respect of outstanding claims	24,246	0	0	An
							Additional reserve	29,722	19	3	Int
										Tr:	
								79,796	15	3	
								£127,352	19	8	
								£127,352	19	8	

## Miscellaneous Insurance Business.

		£	s.	d.			£	s.	d.	
Amount of Miscellaneous insurance fund at the beginning of the year:—					Claims under policies paid and outstanding .. .. .	.. ..	71,662	5	4	Ba
Reserve for unexpired risks .. ..	£61,454	5	7		Commission .. .. .	.. ..	42,042	5	9	In
Additional reserve	50,039	19	11		Expenses of management .. ..	.. ..	50,706	7	6	Le
				111,494	5	6				Tr:
Premiums .. .. .				204,070	0	9				Tr:
Transfer from Profit and Loss account				10,926	12	4				Tr:
					Amount of Miscellaneous insurance fund at the end of the year:—					
					Reserve for unexpired risks being 40 per cent. of the premium income for the year ..	£81,628	0	4		
					Additional reserve	80,451	19	8		
								162,080	0	0
								£326,490	18	7
								£326,490	18	7

## Sinking Fund Insurance Business.

		£	s.	d.			£	s.	d.	
Amount of Sinking Fund insurance fund at the beginning of the year ..	160,013	6	10		Claims under policies paid and outstanding .. .. .	.. ..				
Premiums .. .. .	51,763	2	6		Surrenders .. .. .	.. ..	10,648	19	0	
Interest and dividends	£9,952	5	6		Commission .. .. .	.. ..	1,576	19	11	
Less Income Tax .. ..	945	18	2		Expenses of management .. ..	.. ..	1,035	5	3	
				9,006	7	4				
					Corporation Profits Tax .. ..	.. ..	43	8	2	
					Transfer to Profit and Loss account ..	.. ..	3,783	12	8	
					Amount of Sinking Fund insurance fund at the end of the year .. .. .	.. ..	203,694	11	8	
								£220,782	16	8
								£220,782	16	8



## REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

## Marine Insurance Business.

	£	s.	d.		£	s.	d.
Amount of Marine insurance fund at the beginning of the year .. ..	555,822	9	7	Claims under policies paid and outstanding .. .. .	473,625	9	1
Premiums, after deduction of re-insurances, commission, discounts, brokerages and returns .. ..	460,902	0	5	Expenses of management .. .. .	18,788	7	2
Interest and dividends £29,596 4 10				Bad debts—Balance written off .. ..	1,182	1	3
Less Income Tax .. 4,914 14 4				Corporation Profits Tax .. .. .	5,330	0	0
	24,681	10	6	Income Tax .. .. .	11,330	6	3
				Amount of Marine insurance fund at the end of the year .. .. .	531,149	16	9
	<u>£1,041,406</u>	<u>0</u>	<u>6</u>		<u>£1,041,406</u>	<u>0</u>	<u>6</u>

## Revenue Account of the SPECIAL CONTINGENCY FUND for the Year ending 31st December, 1925.

	£	s.	d.		£	s.	d.
Amount of Special Contingency fund at the beginning of the year .. ..	86,021	10	2	Reserve for Income Tax .. .. .	5,734	15	4
Interest .. .. .	3,930	11	7	Amount of Special Contingency fund at the end of the year .. .. .	252,196	6	5
Transfer from Industrial Branch Revenue account .. .. .	167,979	0	0				
	<u>£257,931</u>	<u>1</u>	<u>9</u>		<u>£257,931</u>	<u>1</u>	<u>9</u>

## PROFIT AND LOSS ACCOUNT for the Year ending 31st December, 1925.

	£	s.	d.		£	s.	d.
Balance from last year's account ..	800,000	0	0	Dividend to holders of "A" shares in respect of the year 1924 .. ..	800,000	0	0
Interest not carried to other accounts £42,292 13 11				Corporation Profits Tax not charged to other accounts .. .. .	3,559	18	6
Less Income Tax .. 8,013 2 3				Reserve for Income Tax (General Branch) .. .. .	14,000	0	0
	34,279	11	8	Transfer to General Branch Revenue accounts:—			
Transfer from Ordinary Branch Revenue account .. .. .	202,718	0	0	Fire insurance .. .. .	27,161	13	4
Transfer from Industrial Branch Revenue account .. .. .	647,282	0	0	Employers' Liability insurance (Irish Free State) .. .. .	1,022	3	2
Transfer from General Branch Revenue accounts:—				Miscellaneous insurance .. .. .	10,926	12	4
Sickness and Accident insurance ..	17,584	19	10	Balance to Industrial Branch Balance Sheet, being allocation of profits for 1925 to holders of "A" shares after transferring—	850,000	0	0
Employers' Liability insurance (British) .. .. .	1,022	3	2	£1,000,000 0 0 to Investments reserve funds,			
Sinking Fund insurance .. .. .	3,783	12	8	£250,000 0 0 to Common Contingency fund,			
				£167,979 0 0 to Special Contingency fund,			
				and reserving for bonus—			
				£1,837,308 0 0 to policyholders, Ordinary Branch,			
				£2,097,737 10 2 to policyholders, Industrial Branch, and			
				£440,944 17 8 to members of the Company's outdoor staff			
	<u>£1,706,670</u>	<u>7</u>	<u>4</u>				

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£1,706,670 7 4

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## BALANCE SHEET

LIABILITIES.	Ordinary Branch.			Industrial Branch.			General Branch.			Common Contingency Fund.			Special Contingency Fund.			Total		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Shareholders' capital.																		
Nominal capital:—																		
1,000,000 "A" shares of £1 each	1,000,000																	
1,000,000 "B" shares of £1 each																		
	<u>£2,000,000</u>																	
Issued capital:—																		
1,000,000 "A" shares of £1 each, fully paid				1,000,000	0	0												
1,000,000 "B" shares of £1 each, 4s. paid	200,000																	
Life assurance fund Ordinary Branch	76,667,881	16	2				200,000	0	0									
Industrial assurance fund				94,991,727	10	0												
General Branch insurance funds—																		
Fire insurance fund							384,376	15	3									
Sickness and Accident insurance fund							134,018	9	9									
Employers' Liability insurance fund (British)							78,469	10	4									
Employers' Liability insurance fund (Irish Free State)																		
Miscellaneous insurance fund							1,327	4	11									
Sinking Fund insurance fund							162,080	0	0									
Marine insurance fund							203,694	11	8									
Ordinary Industrial Branch.							531,149	16	9									
Investments reserve funds at 1st January	£3,250,000			£2,500,000														
Add transfer from Revenue Accounts	500,000			500,000														
	3,750,000	0	0	3,000,000	0	0												
Common Contingency fund at 1st January																		
Add transfer from Industrial Branch Revenue account																		
Contingency fund										1,250,000	0	0						
Special Contingency fund							350,000	0	0									
Claims admitted or intimated but not paid	383,887	13	6	3,637	11	5	102,188	10	8				252,196	6	5			
Annuities due and unpaid	3,158	15	2															
Outstanding commission and expenses	100,000	0	0	100,000	0	0	15,000	0	0									
Due to other Companies on re-insurance account							159,903	10	8									
Deposit as security for return of securities borrowed				4,700	0	0												
Reserve for Income Tax							14,717	5	8				5,734	15	4			
Reserve for bonus to members of Company's outdoor staff	£440,944	17	8															
Less payments made in advance	652	6	11															
Balance standing to credit of Profit and Loss account				440,292	10	9												
NOTE:—							850,000	0	0									
(a) Instalments not due until after 31st December, 1925, on investments held, £1,204,921.																		
(b) Uncalled capital on investments held, £301,490.																		
	£80,904,928	4	10	£100,390,357	12	2	£2,336,925	15	6	£1,250,000	0	0	£257,931	1	9	£185,140,142	14	3

"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.

Common Contingency fund—In accordance with clause 130 (b) of the Articles of Association this fund may be applied to any one or more branches, as determined by the Directors.

The values of the Stock Exchange securities are determined, under the Articles of Association of the Company, by the Directors; these values have been compared with the middle market prices as at 31st December, 1925, and we certify that in our belief the Assets set forth in the Balance Sheet are, in the aggregate, fully of the value stated therein.

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 and Marine insurance business.

No part of any fund has been applied directly or indirectly for any purposes other than those of the class of business to which the fund is applicable.

J. BURN, General Manager.

A. C. THOMPSON, Chairman.

F. P. SYMMONS, Actuary.

EDGAR HORNE,

G. E. MAY, Secretary.

D. WINTRINGHAM STANTON,

Director.

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the 31st December, 1925.

ASSETS.	Ordinary Branch.		Industrial Branch.		General Branch.		Common Contingency Fund.		Special Contingency Fund.		Total.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Pages on property within the United Kingdom	4,962,456	9 5	1,473,771	15 0	—	—	—	—	—	—	6,436,228	4 5
Pages on property out of the United Kingdom	1,158,164	5 2	1,727,265	17 9	—	—	—	—	—	—	2,885,430	2 11
Charges on parochial and other public rates	2,933,235	11 6	7,770,553	1 7	—	—	—	—	—	—	10,703,788	13 1
Charges on Life interests	310,430	0 0	381,633	12 0	—	—	—	—	—	—	692,063	12 0
Charges on Reversions	20,412	13 3	—	—	—	—	—	—	—	—	20,412	13 3
Charges on Stocks and Shares	135,300	0 0	2,625,000	0 0	—	—	—	—	—	—	2,760,300	0 0
Charges on Company's policies within their surrender values	3,537,837	0 10	—	—	—	—	—	—	—	—	3,537,837	0 10
Charges on Personal security	—	—	—	—	—	—	—	—	—	—	—	—
Charges to Educational Institutions secured on income	20,664	1 7	166	10 3	—	—	—	—	—	—	20,830	11 10
Deposits with the High Court :—												
£7,122 14s. 5% War Loan 1929-1947	16,080	19 1	—	—	—	—	—	—	—	—	16,080	19 1
£20,000 5% War Loan 1929-1947	—	—	20,000	0 0	—	—	—	—	—	—	20,000	0 0
£20,000 5% National War Bonds 1928	—	—	—	—	19,981	5 0	—	—	—	—	19,981	5 0
Deposits with the Supreme Court of Judicature in Irish Free State :—												
£20,000 5% War Loan 1929-1947	20,000	0 0	—	—	—	—	—	—	—	—	20,000	0 0
£20,000 5% War Loan 1929-1947	—	—	—	—	20,000	0 0	—	—	—	—	20,000	0 0
British Government Securities	28,851,650	19 3	37,392,542	18 3	509,435	6 10	1,250,000	0 0	89,952	1 9	68,093,581	6 1
Securities guaranteed by British Government under Trade Facilities Acts	532,747	6 0	1,646,239	12 6	37,925	0 0	—	—	—	—	2,216,911	18 6
Bank of England stock	153,814	0 0	—	—	—	—	—	—	—	—	153,814	0 0
Municipal and county securities, United Kingdom	1,683,585	9 10	2,529,461	18 2	26,415	0 0	—	—	—	—	4,239,462	8 0
Indian and Colonial Government Securities	5,363,544	7 2	5,675,961	13 5	146,473	15 2	—	—	—	—	11,184,979	15 9
Indian and Colonial provincial securities	347,210	11 3	98,387	15 9	—	—	—	—	—	—	445,598	7 0
Indian and Colonial municipal securities	2,176,926	17 3	899,748	4 1	—	—	—	—	—	—	3,076,675	1 4
Foreign Government securities	4,706,773	13 9	4,850,980	19 2	382,994	15 6	—	—	—	—	9,940,759	8 5
Foreign provincial securities	231,262	3 1	205,107	16 0	32,021	13 4	—	—	—	—	468,391	12 5
Foreign municipal securities	925,061	5 2	601,263	11 6	46,787	10 0	—	—	—	—	1,573,102	6 8
Railway and other debentures and debenture stocks and gold and sterling bonds—Home and Foreign	9,192,785	1 1	11,197,326	14 5	41,315	16 6	—	—	—	—	20,431,427	12 0
Railway and other preference and guaranteed stocks and shares	4,744,790	7 6	5,027,627	10 3	67,857	2 3	—	—	—	—	9,840,275	0 0
Railway and other ordinary stocks and shares	6,523,485	10 6	4,390,136	16 9	396,595	1 5	—	—	—	—	11,310,217	8 8
Rent charges	228,923	8 11	—	—	—	—	—	—	—	—	228,923	8 11
Reshold ground rents and Scotch feu duties	—	—	4,930,984	11 6	—	—	—	—	—	—	4,930,984	11 6
Reshold ground rents	—	—	3,515	2 3	—	—	—	—	—	—	3,515	2 3
House property	—	—	5,461,144	13 2	—	—	—	—	—	—	5,461,144	13 2
Life interests	35,429	4 1	—	—	—	—	—	—	—	—	35,429	4 1
Reversions	475,598	17 8	—	—	—	—	—	—	—	—	475,598	17 8
Trusts' balances—Foreign Fire	—	—	—	—	45,161	16 10	—	—	—	—	45,161	16 10
Standing premiums	492,974	11 0	570,545	3 5	171,054	18 11	—	—	—	—	1,234,574	13 4
Standing interest, dividends and rents	192,602	9 8	76,241	0 0	824	10 7	—	—	—	—	269,668	0 3
Interest, dividends and rents accrued but not payable	440,000	10 4	304,997	18 2	1,140	0 0	—	—	—	—	746,138	8 6
Interest from other Companies on re-insurance account	—	—	—	—	211,764	10 10	—	—	—	—	211,764	10 10
Dry debtors	—	—	—	—	1,085	19 1	—	—	—	—	1,085	19 1
Accounts receivable	57,116	0 0	39,108	15 5	—	—	—	—	—	—	96,224	15 5
Income Stamps	—	—	—	—	2,701	17 10	—	—	—	—	2,701	17 10
Bank deposit :—												
In the United Kingdom	70,000	0 0	20,000	0 0	—	—	—	—	—	—	90,000	0 0
Abroad	—	—	63,894	3 6	86,234	7 6	—	—	—	—	150,128	11 0
Hand and on current account :—												
In the United Kingdom	360,087	10 9	366,364	8 10	74,498	18 7	—	—	167,979	0 0	968,929	18 2
Abroad	3,956	19 9	40,385	9 1	15,636	9 4	—	—	—	—	59,998	18 2
	£80,904,928	4 10	£100,390,357	12 2	£2,336,925	15 6	£1,250,000	0 0	£257,931	1 9	£185,140,142	14 3

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 purposes other than those of the class of business to which the fund is applicable.

We have investigated the methods of calculating and apportioning the expenses of management and the accounts thereof and in our opinion the accounts show a fair and equitable apportionment of the expenses between the Industrial and other Branches of the Company's business.

W. H. NICHOLLS, }  
F. HAYCRAFT, } Auditors.

We have examined the Cash transactions (Receipts and Payments) affecting the accounts of the Assets and Investments for the year ended 31st December, 1925, and we find the same in good order and properly vouched. We have also examined the Deeds, Share Certificates and Bonds in possession of the Company, and have verified by Certificates of Bankers or other Depositories the Securities and Cash in their custody, which together represent the Assets and Investments set out in the above account as on the 31st December, 1925.

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

16th February, 1926.

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The  
Prudential  
Assurance Company  
LIMITED

HOLBORN BARS, LONDON, ENGLAND



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DIRECTORS' REPORT  
AND  
STATEMENT OF ACCOUNTS  
at 31st December, 1925

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To be presented to the Shareholders at  
the Ordinary General Meeting to be held  
at Holborn Bars, London, on Thursday,  
the 4th day of March, 1926, at 2 o'clock