

The  
Prudential Assurance Company  
LIMITED

SEVENTY-NINTH  
ANNUAL REPORT

For the Year ending 31st December, 1927



CHIEF OFFICE: HOLBORN BARS LONDON, ENGLAND.

*Directors :*

ALFRED CORDEROY THOMPSON, *Chairman*

EDGAR HORNE, J.P., *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 :*

F. 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

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

*General Manager :*

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



Chief Office : HOLBORN BARS, LONDON, ENGLAND

P00002036

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

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

Adelaide	Bombay	Halifax (N.S.)	Melbourne	Tientsin
Alexandria	Brisbane	Hamburg	Montreal	Tellicherry
Alleppey	Buenos Aires	Havana	Oslo	Toronto
Amsterdam	Calcutta	Helsingfors	Paris	Vancouver
Antwerp	Calicut	Hobart	Perth (W.A.)	Wellington
Athens	Christchurch	Kobe	Quilon	Winnipeg
Auckland	Cochin	Lisbon	Shanghai	
Batavia	Copenhagen	Mangalore	Singapore	
Bogota	Coimbatore	Manila	Sydney	

# THE PRUDENTIAL ASSURANCE COMPANY LIMITED

## SEVENTY-NINTH ANNUAL REPORT

For the Year ending 31st December, 1927

**T**HE DIRECTORS have much pleasure in presenting their Report and Accounts for the year 1927.

The Total Assets of the Company now amount to £209,307,690, as compared with £198,801,641 a year ago, i.e., an increase of £10,506,049.

The Total Income during 1927 was £39,801,358, as compared with £38,621,753 in 1926, i.e., an increase of £1,179,605.

The Total Surplus arising from the Life business, including the sum of £451,779 brought forward, is £8,523,466, which has been allocated as follows:—

	£
To the Investments reserve funds .. .. .	1,000,000
To the Common contingency fund .. .. .	250,000
Cost of bonuses to the Ordinary and Industrial Branch participating policyholders ..	5,047,063
Transferred to Profit and Loss account for dividend and bonus to the holders of "A" Shares .. .. .	900,000
Bonus to members of outdoor staff .. .. .	500,000
To the Special contingency fund .. .. .	366,667
To be carried forward .. .. .	459,736

**Ordinary Branch.**—The number of policies issued during the year was 81,259, assuring the sum of £16,941,000, and producing a new annual premium income of £1,096,556. The premiums received were £11,160,399, being an increase of £56,885 over those for the year 1926.

The claims for the year amounted to £9,371,699. The number of deaths was 11,591 and of matured endowment assurances 57,681, the combined annual premium income being £600,546.

The number of life policies in force at the end of the year was 1,084,107, assuring with bonus £178,211,064 and producing a premium income of £10,537,113 per annum. The immediate annuities payable were 3,738 in number, and amounted to £148,702 per annum. In addition there were 1,335 deferred and contingent annuities, securing £27,465 per annum by an annual premium income of £12,766.

**Industrial Branch.**—The premiums received during the year were £16,593,454, being an increase of £510,214 over those for the year 1926.

The claims for the year amounted to £8,455,450. The total number of claims and surrenders was 751,924 on 870,078 policies, of which 219,578 were matured endowment assurances.

The number of free policies granted during the year was 198,700, the number in force being 2,576,389. The number of free policies which became claims was 90,466.

The total number of policies in force in this Branch at the end of the year was 24,779,938, under which the maximum sum assured together with declared bonus was £446,131,942 and producing an annual premium income of £17,279,285. The average duration of the whole life premium paying policies in force exceeds 18 years.

**General Branch.**—The premiums received, after deduction of the re-insurances, amount to £1,619,010, being an increase of £202,168 in sections other than Marine and a decrease of £134,230 in the Marine, thus giving a net increase of £67,938, over those for the year 1926.

Particulars of the premiums received, claims paid, expenses and reserves now held, in respect of the various sections of the General Branch excluding Sinking Fund business are set out below:—

	Premiums. £	Claims. £	Expenses. £	Reserves. £
Fire .. .. .	658,489	275,372	263,075	526,791
Sickness and Accident .. .. .	129,261	39,323	52,879	143,389
Employers' Liability .. .. .	77,728	33,388	28,844	99,454
Miscellaneous .. .. .	296,505	134,096	129,058	237,204
Marine .. .. .	383,564	670,797	20,865*	833,978
	<u>£1,545,547</u>	<u>£1,152,976</u>	<u>£494,721</u>	<u>£1,840,816</u>

\*The marine expenses do not include commission which in accordance with the usual practice was deducted from the gross premiums before receipt.

The premiums received under Sinking Fund policies were £73,463. The capital sum insured under these policies is £5,687,942.

The Staff Provident Fund, which was founded in 1898 for the benefit of the outdoor staff, amounts to £399,647. This Fund was closed to new members as from 31st December, 1927, and a new Deferred Annuity Fund has been set up to enable the Outdoor Staff to supplement their pensions.

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

In both Life Assurance Branches net premiums only have been valued, the rate of interest assumed being 3 per cent.

In the Ordinary Branch the assurances have been valued by the British Offices' O<sup>m</sup> Table of Mortality for life risks. 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).

P00002038

0649-003

In the **General Branch** the surplus shown is £178,803, of which £69,663 has been applied to strengthening the Fire and Miscellaneous Reserves, £25,000 has been set aside to meet Income Tax, and the balance of £84,140 has been carried forward. £500,000 has been transferred from the Common contingency fund for the purposes of the General Branch in accordance with and subject to the provisions of Clause 130 (B) of the Company's Articles of Association, and this amount has been carried to the marine insurance account.

In the **Ordinary Branch** the surplus shown is £3,060,596, including the sum of £192,523 brought forward from last year. This surplus the Directors have applied as follows:—

To the Investments reserve fund (which stands as at 31st December, 1927, at £4,750,000)	£
Cost of bonus to participating policyholders	500,000
Transferred to Profit and Loss account for dividend and bonus to holders of "A" shares	2,130,396
To be carried forward..	235,311
	194,889

The above stated amount of £2,130,396 is sufficient to provide a bonus of £2 4s. per cent. on the original sums assured, and a bonus at that rate will be allocated to participating policies which were in force on the 31st December, 1927.

In the **Industrial Branch** the surplus shown is £5,462,870, including the sum of £259,256 brought forward from last year. This surplus the Directors have applied as follows:—

To the Investments reserve fund (which stands as at 31st December, 1927, at £4,000,000)	£
To the Common contingency fund	500,000
Cost of bonus to participating policyholders	250,000
Transferred to Profit and Loss account for dividend and bonus to holders of "A" shares	2,916,667
Bonus to members of outdoor staff	664,689
To the Special contingency fund	500,000
To be carried forward..	366,667
	264,847

A reversionary bonus of £1 12s. per cent. on the sum assured at death or maturity, vesting after 5 years' premiums have been paid, 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.

All policies issued before 1st January, 1923, which are in force (except those in the Irish Free State), and are entitled to participate under the bonus distribution scheme and become claims by death or maturity of endowment between 2nd March, 1928, and 7th March, 1940, both dates inclusive, will receive a bonus addition as follows:—

Premiums paid for.	Amount of claim increased by.	
	£	s.
5 years and less than 15 years .. .. .	7	10 per cent.
15 " " " " 20 " .. .. .	8	0 " "
20 " " " " 25 " .. .. .	10	0 " "
25 " " " " 30 " .. .. .	15	0 " "
30 " " " " 35 " .. .. .	20	0 " "
35 " " " " 40 " .. .. .	25	0 " "
40 " " " " 45 " .. .. .	30	0 " "
45 " " " " 50 " .. .. .	35	0 " "
50 " " " " 55 " .. .. .	40	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, 1927, and are guaranteed for a period of twelve years to 7th March, 1940.

In the Irish Free State the surplus is proportionately much less than in the United Kingdom. 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 £15,930,709, 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
March, 1927 .. .. .	468,750	2,500,000	2,968,750
March, 1928 .. .. .	500,000	2,916,667	3,416,667
	<u>£2,830,354</u>	<u>£13,100,355</u>	<u>£15,930,709</u>

The important changes 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 " " " "
1926 .. .. .	25.90 " " " "
1927 .. .. .	25.47 " " " "

Towards the end of last year, the Company was approached with a request to take over the liability for the Industrial Branch policies of the London General Insurance Company, Limited. The consideration offered was not in itself sufficient to provide reserves for the policies transferred on a basis as strong as that adopted by this Company. The low rate of expense, however, at which our organisation enables us to conduct Industrial Branch business made it possible, providing the transferred policies were merged with our other Industrial business, to guarantee the contracts without loss to this Company. The necessary approval of the Court was given to this arrangement in November last and the transaction was successfully carried through. The net amount receivable on account of the transfer is £46,182.

The scheme adopted in the Industrial Branch in October, 1926, for dealing with arrears of premiums due to unemployment arising out of the coal dispute was so successful that the concession granted was extended until the 14th March last and in certain districts, particularly affected by the dispute, for such further periods as were necessary. Advantage was taken of the concession by the holders of more than 1,500,000 policies. Under the scheme with-profit policyholders were relieved of the payment of their arrears in consideration of a suitable deduction being made from the bonus when a claim arises. In the case of claims under three special non-profit tables the deduction is made from the sum assured. This concession demonstrates the great value of the bonuses under the profit-sharing scheme in the Industrial Branch.

The four Prudential Approved Societies have during the year paid to or on behalf of their members benefits amounting to approximately £5,732,600, making a total of over £39,084,100 since the inception of National Health Insurance. Included in the amount paid during the year is a sum of £1,150,432 expended on Additional (non-cash) Benefits granted as a result of the valuations of the Societies.

The sum expended on each Additional (non-cash) Benefit was as follows:—

	£
Dental Treatment and Dentures .. .. .	935,944
Hospital Treatment .. .. .	113,431
Convalescent Home Treatment .. .. .	13,698
Medical and Surgical Appliances .. .. .	7,656
Ophthalmic Treatment .. .. .	79,210
Nursing .. .. .	493

The number of persons admitted to membership of the Societies during the year was 276,290, of whom 121,798 were men and 154,492 women.

The retiring Directors are MR. ALFRED CORDEROY THOMPSON, MR. DANIEL WINTRINGHAM STABLE, and MR. JAMES MOON, who offer themselves for re-election.

Mr. WILLIAM HENRY NICHOLLS and Mr. FRANK HAYCRAFT offer themselves for re-election as Auditors.

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

A. C. THOMPSON,  
Chairman.

HOLBORN BARS,  
16th February, 1928.

## REVENUE ACCOUNT OF THE ORDINARY BRANCH

For the Year ending 31st December, 1927, in respect of Life Assurance Business.

	£	s.	d.		£	s.	d.
Amount of life assurance fund at the beginning of the year .. .. .	81,454,429	7	4	Claims under policies paid and outstanding:—			
Premiums .. .. .	11,160,398	10	1	By death .. .. .	£2,049,896	5	5
Consideration for annuities granted..	79,483	4	3	By maturity.. .. .	7,321,802	5	4
Interest and dividends .. .. .	£4,385,169	1	7				9,371,698
Less income tax .. .. .	557,847	3	1	Surrenders .. .. .			866,636
				Bonuses surrendered for cash .. .. .			112,362
	3,827,321	18	6	Annuities .. .. .			149,635
				Commission .. .. .			646,442
				Expenses of management .. .. .			599,057
				Transfer to Investments reserve fund			500,000
				Transfer to Profit and Loss account..			235,311
				Amount of life assurance fund at the end of the year .. .. .	84,040,488	17	5
	£96,521,633	0	2				£96,521,633
							0

NOTE.—During the year 81,259 policies were issued for a sum assured of £16,941,000 Os. 0d. The amount received by way of single premiums was £676,750 3s. 9d. The yearly renewal premium income was £1,096,556 5s. 4d.

## REVENUE ACCOUNT OF THE INDUSTRIAL BRANCH

For the Year ending 31st December, 1927, in respect of Industrial Assurance Business.

	£	s.	d.		£	s.	d.
Amount of Industrial assurance fund at the beginning of the year .. .. .	102,128,555	8	0	Claims under policies paid and outstanding:—			
Premiums .. .. .	16,593,453	11	9	By death .. .. .	£4,562,712	7	11
Interest, dividends and rents .. .. .	£5,841,162	4	5	By maturity .. .. .	3,892,737	11	4
Less income tax.. .. .	260,348	12	0				8,455,449
	5,580,813	12	5	Surrenders .. .. .			1,169,798
Net consideration in respect of business transferred from the London General Insurance Company, Limited .. .. .	46,182	8	4	Commission .. .. .			2,557,829
				Expenses of management .. .. .	£2,370,953	15	6
				Less amount received from General Branch for Approved Societies' expenses .. .. .	702,717	14	9
							1,668,236
				Transfer to Investments reserve fund			500,000
				Reserve for bonus to members of Company's outdoor staff .. .. .			500,000
				Transfer to Profit and Loss account			664,889
				Transfer to Common contingency fund .. .. .			250,000
				Transfer to Special contingency fund .. .. .			366,666
				Amount of Industrial assurance fund at the end of the year .. .. .	108,216,335	9	4
	£124,349,005	0	6				£124,349,005
							0

NOTE.—During the year 2,062,066 policies were issued, for a maximum sum assured of £53,735,678.

## REVENUE ACCOUNTS OF THE GENERAL BRANCH

For the Year ending 31st December, 1927.

### Fire Insurance Business.

	£	s.	d.		£	s.	d.
Amount of fire insurance fund at the beginning of the year :—				Claims under policies paid and outstanding .. .. .	275,372	9	7
Reserve for unexpired risks .. .. .	£211,837	16	2	Commission .. .. .	141,785	13	1
Additional reserve .. .. .	217,382	4	10	Expenses of management .. .. .	121,289	8	7
	429,220	1	0	Contributions to fire brigades .. .. .	993	9	5
Premiums .. .. .	658,488	12	6	Transfer to Profit and Loss account .. .. .	67,489	19	0
Transfer from Profit and Loss account .. .. .	46,013	4	2	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	£263,395	9	0
				Additional reserve .. .. .	263,395	9	0
					526,790	18	0
					£1,133,721	17	8
	£1,133,721	17	8				

### 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 .. .. .	39,322	11	5
Reserve for unexpired accident risks .. .. .	£45,867	9	0	Commission .. .. .	16,157	11	3
Reserve for sickness risks .. .. .	30,171	0	0	Expenses of management .. .. .	36,721	14	4
Total estimated liability in respect of outstanding claims .. .. .	7,062	3	9	Amount transferred to Industrial Branch for Approved Societies' expenses .. .. .	702,717	14	9
Additional reserve for accident risks .. .. .	54,433	13	9	Transfer to Profit and Loss account .. .. .	31,204	8	1
	137,534	6	6	Amount of sickness and accident insurance fund at the end of the year :—			
Premiums :—				Reserve for unexpired risks being 40 per cent. of the premium income for the year for accident risks .. .. .	£49,099	18	0
Accident .. .. .	£122,749	14	10	Reserve for permanent sickness risks .. .. .	31,947	0	0
Permanent sickness .. .. .	6,510	15	6	Total estimated liability in respect of outstanding claims .. .. .	8,585	0	0
	129,260	10	4	Additional reserve for accident risks :—			
Amount received from Approved Societies for expenses .. .. .	702,717	14	9	Renewable .. .. .	34,056	0	0
				Annual .. .. .	19,700	13	9
					143,388	11	9
	£969,512	11	7		£969,512	11	7

## REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

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

	£	s.	d.		£	s.	d.
Amount of employers' liability insurance fund at the beginning of the year:—							
Reserve for unexpired risks .. .. .	£28,551	9	11				
Total estimated liability in respect of outstanding claims .. .. .	31,153	0	0				
Additional reserve .. .. .	33,045	12	0				
			92,750	1			11
Premiums .. .. .			76,982	10			5
Interest and dividends .. .. .	£3,812	8	2				
Less income tax .. .. .	662	8	9				
			3,179	19			5
			£172,882	11			9
Payments under policies, including medical and legal expenses in connection therewith .. .. .			33,108	12			10
Commission .. .. .			6,697	9			7
Expenses of management .. .. .			21,870	0			5
Transfer to Profit and Loss account .. .. .			12,876	0			9
Amount of Employers' liability insurance fund at the end of the year:—							
Reserve for unexpired risks being 40 per cent. of the premium income for the year .. .. .	£30,793	0	2				
Total estimated liability in respect of outstanding claims .. .. .			34,491	16			0
Additional reserve .. .. .			33,045	12			0
			98,330	8			2
			£172,882	11			9

### Employers' Liability Insurance Business transacted within the Irish Free State.

	£	s.	d.		£	s.	d.
Amount of employers' liability insurance fund at the beginning of the year:—							
Reserve for unexpired risks .. .. .	£163	9	7				
Total estimated liability in respect of outstanding claims .. .. .	443	0	0				
			606	9			7
Premiums .. .. .			745	15			11
Interest and dividends .. .. .	£1,000	0	0				
Less income tax .. .. .	173	15	6				
			826	4			6
			£2,178	10			0
Payments under policies, including medical and legal expenses in connection therewith .. .. .			279	4			7
Commission .. .. .			64	17			8
Expenses of management .. .. .			211	17			6
Transfer to Profit and Loss account .. .. .			499	3			11
Amount of employers' liability insurance fund at the end of the year:—							
Reserve for unexpired risks being 40 per cent. of the premium income for the year .. .. .	£298	6	4				
Total estimated liability in respect of outstanding claims .. .. .			825	0			0
			1,123	6			4
			£2,178	10			0

### Miscellaneous Insurance Business.

	£	s.	d.		£	s.	d.
Amount of miscellaneous insurance fund at the beginning of the year:—							
Reserve for unexpired risks .. .. .	£96,340	15	0				
Additional reserve .. .. .	94,952	14	4				
			191,293	9			4
Premiums .. .. .			296,505	6			10
Fees .. .. .			1,868	3			2
Transfer from Profit and Loss account .. .. .			23,649	8			5
			£513,316	7			9
Claims under policies paid and outstanding .. .. .			134,096	4			2
Commission .. .. .			58,907	9			10
Expenses of management .. .. .			70,150	9			6
Transfer to Profit and Loss account .. .. .			12,957	18			9
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 .. .. .	£118,602	2	9				
Additional reserve .. .. .			118,602	2			9
			237,204	5			6
			£513,316	7			9



## REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

## Sinking Fund Insurance Business.

			£	s.	d.				£	s.	d.
Amount of sinking fund insurance fund at the beginning of the year .. .. .			255,283	4	7	Claims under policies paid and outstanding .. .. .			150	0	0
Premiums .. .. .			73,463	7	6	Surrenders .. .. .			25,224	10	0
Interest and dividends .. £16,179	7	4				Commission .. .. .			2,697	9	9
Less income tax .. .. .	1,020	8	9			Expenses of management .. .. .			1,469	5	4
			15,158	18	7	Transfer to Profit and Loss account .. .. .			4,081	5	7
						Amount of sinking fund insurance fund at the end of the year .. .. .			310,283	0	0
									£343,905	10	8
									£343,905	10	8

## Marine Insurance Business.

			£	s.	d.				£	s.	d.
Amount of marine insurance fund at the beginning of the year .. .. .			595,957	17	0	Claims under policies paid and outstanding .. .. .			670,796	10	6
Premiums, after deduction of reinsurance, commission, discounts, brokerages and returns .. .. .			383,564	4	6	Expenses of management .. .. .			20,864	14	10
Interest and dividends .. £21,954	18	10				Amount of marine insurance fund at the end of the year .. .. .			833,977	12	0
Less income tax .. .. .	3,373	10	10								
			18,581	8	0						
Income tax .. .. .			14,743	17	2						
Profit on realisations of investments .. .. .			12,791	10	8						
Transfer from Common contingency fund .. .. .			500,000	0	0						
			£1,525,638	17	4				£1,525,638	17	4

## REVENUE ACCOUNT OF THE SPECIAL CONTINGENCY FUND

For the Year ending 31st December, 1927.

			£	s.	d.				£	s.	d.
Amount of Special Contingency fund at the beginning of the year .. .. .			461,365	8	7	Amount of Special Contingency fund at the end of the year .. .. .			847,621	12	10
Interest .. .. .			19,589	10	11						
Transfer from Industrial Branch Revenue account .. .. .			366,666	13	4						
			£847,621	12	10				£847,621	12	10

## PROFIT AND LOSS ACCOUNT

For the Year ending 31st December, 1927.

			£	s.	d.				£	s.	d.
Balance from last year's account .. .. .			875,000	0	0	Dividend to holders of "A" shares in respect of the year 1926 .. .. .			875,000	0	0
Transfer from Ordinary Branch Revenue account .. .. .			235,311	0	0	Income tax (General Branch) .. .. .			25,000	0	0
Transfer from Industrial Branch Revenue account .. .. .			664,689	0	0	Transfer to General Branch Revenue accounts:—					
Transfer from General Branch Revenue accounts:—						Fire insurance .. .. .			46,013	4	2
Fire insurance .. .. .			67,489	19	0	Miscellaneous insurance .. .. .			23,649	8	5
Sickness and Accident insurance .. .. .			31,204	8	1	Balances carried to:—					
Employers' Liability insurance (British) .. .. .			12,876	0	9	Industrial Branch Balance Sheet, being allocation of profits for 1927 to holders of "A" shares .. .. .			900,000	0	0
Employers' Liability insurance (Irish Free State) .. .. .			499	3	11	General Branch Balance Sheet .. .. .			84,140	8	7
Miscellaneous insurance .. .. .			12,957	18	9	after transferring—					
Sinking fund insurance .. .. .			4,081	5	7	£1,000,000 to Investments reserve fund,					
Interest of the General Branch not carried to other accounts .. .. .	£60,145	3	11			£250,000 to Common contingency fund,					
Less Income-tax .. .. .	10,450	18	10			£366,666 13s. 4d. to Special contingency fund,					
			49,694	5	1	allocating—					
						£500,000 to or on behalf of members of the Company's outdoor staff,					
						and reserving for bonus—					
						£2,130,396 to policyholders, Ordinary Branch, and					
						£2,916,666 13s. 4d. to policyholders, Industrial Branch.					
			£1,953,803	1	2				£1,953,803	1	2

## BALANCE SHEET

LIABILITIES.	Ordinary Branch.		Industrial Branch.		General Branch.		Common Contingency Fund.		Special Contingency Fund.		Totals.
	£	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	0 0	—	—	—	—	—	—	1,000,000
1,000,000 " B " shares of £1 each ..	—	—	—	—	200,000	0 0	—	—	—	—	200,000
											84,040,488
											108,216,335
Issued capital :—											
1,000,000 " A " shares of £1 each, fully paid ..	—	—	1,000,000	0 0	—	—	—	—	—	—	1,000,000
1,000,000 " B " shares of £1 each, 4s. paid ..	—	—	—	—	200,000	0 0	—	—	—	—	200,000
Life assurance fund Ordinary Branch ..	84,040,488	17 9	—	—	200,000	0 0	—	—	—	—	84,040,488
Industrial assurance fund .. ..	—	—	108,216,335	9 4	—	—	—	—	—	—	108,216,335
Fire insurance fund .. ..	—	—	—	—	526,790	18 0	—	—	—	—	526,790
Sickness and accident insurance fund ..	—	—	—	—	143,388	11 9	—	—	—	—	143,388
Employers' liability insurance fund (British) .. ..	—	—	—	—	98,330	8 2	—	—	—	—	98,330
Employers' liability insurance fund (Irish Free State) .. ..	—	—	—	—	1,123	6 4	—	—	—	—	1,123
Miscellaneous insurance fund .. ..	—	—	—	—	237,204	5 6	—	—	—	—	237,204
Sinking fund insurance fund .. ..	—	—	—	—	310,283	0 0	—	—	—	—	310,283
Marine insurance fund .. ..	—	—	—	—	833,977	12 0	—	—	—	—	833,977
General Branch insurance funds .. ..	—	—	—	—	—	—	—	—	—	—	—
Investments reserve funds .. ..	4,750,000	0 0	4,000,000	0 0	—	—	—	—	—	—	8,750,000
Common contingency fund .. ..	—	—	—	—	—	—	1,250,000	0 0	—	—	1,250,000
Contingency fund .. ..	—	—	—	—	350,000	0 0	—	—	—	—	350,000
Special contingency fund .. ..	—	—	—	—	—	—	—	—	847,621	12 10	847,621
Claims admitted or intimated but not paid :—											
Life assurance .. ..	380,534	10 5	5,779	5 3	—	—	—	—	—	—	386,313
Fire insurance .. ..	—	—	—	—	58,326	13 5	—	—	—	—	58,326
Miscellaneous insurance .. ..	—	—	—	—	40,599	0 0	—	—	—	—	40,599
General Branch .. ..	—	—	—	—	—	—	—	—	—	—	—
Annuities due and unpaid .. ..	3,085	11 1	—	—	—	—	—	—	—	—	3,085
Outstanding commission and expenses .	100,000	0 0	100,000	0 0	15,000	0 0	—	—	—	—	215,000
Due to other Companies on re-insurance account :—											
Fire insurance .. ..	—	—	—	—	118,880	11 8	—	—	—	—	118,880
Sickness and Accident insurance ..	—	—	—	—	198	17 11	—	—	—	—	198
Miscellaneous insurance .. ..	—	—	—	—	1,341	18 0	—	—	—	—	1,341
Marine insurance .. ..	—	—	—	—	39,298	4 1	—	—	—	—	39,298
General Branch .. ..	—	—	—	—	—	—	—	—	—	—	—
Deposit as security for return of securities borrowed .. ..	94,855	7 9	—	—	—	—	—	—	—	—	94,855
Reserve for Income Tax .. ..	—	—	—	—	16,173	4 10	—	—	2,043	8 0	18,216
Sundry Creditors .. ..	16,124	19 1	27,504	16 5	—	—	—	—	—	—	43,628
Bonus allocation to members of Company's outdoor staff ..	—	—	500,000	0 0	—	—	—	—	—	—	500,000
Add balance remaining from 1926 .. ..	259	3 9	—	—	—	—	—	—	—	—	259
Balance standing to credit of Profit and Loss account .. ..	—	—	900,000	0 0	84,140	8 7	—	—	—	—	984,140
	£89,385,089	6 1	£114,749,878	14	£3,073,057	0 3	£1,250,000	0 0	£849,665	0 10	£209,307,880

## NOTE:—

- (a) Instalments not due until after 31st December, 1927, on investments held, £1,271,588 10s.  
(b) Uncalled capital on investments held, £550,349 18s. 1d.  
(c) Contingent liability on Shares, £210,386 8s.

" 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, 1927, 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*  
F. P. SYMMONS, *Actuary*.  
G. E. MAY, *Secretary*.

A. C. THOMPSON, *Chairman*.  
EDGAR HORNE,  
J. H. LUSCOMBE, } *Directors*.

the 31st December, 1927.

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.
Investments on property within the United Kingdom	6,188,771	2 8	2,200,897	16 0	—	—	—	—	—	—	8,389,668	10 5
Investments on property out of the United Kingdom	1,674,704	10 4	2,819,772	1 8	—	—	—	—	—	—	4,494,476	12 0
Investments on parochial and other public securities	2,850,569	14 4	8,745,363	10 4	—	—	—	—	—	—	11,395,933	4 6
Investments on Life Interests	294,280	0 0	381,833	12 0	—	—	—	—	—	—	675,913	12 0
Investments on Reversions	7,544	14 8	17,500	0 0	—	—	—	—	—	—	25,044	14 8
Investments on Stocks and shares	813,850	0 0	2,005,000	0 0	—	—	—	—	—	—	2,818,850	0 0
Investments on Company's policies within their under values	5,149,735	10 0	—	—	—	—	—	—	—	—	5,149,735	10 0
Investments on Personal security	—	—	—	—	—	—	—	—	—	—	—	—
Investments on Educational Institutions	—	—	—	—	—	—	—	—	—	—	—	—
Investments on Income	15,735	14 4	123	9 4	—	—	—	—	—	—	15,859	3 8
Investments with the High Court:—												
£100 5% War Loan 1929-1947	16,080	19 1	—	—	—	—	—	—	—	—	16,080	19 1
£100 5% War Loan 1929-1947	—	—	20,000	0 0	—	—	—	—	—	—	20,000	0 0
£100 5% National War Bonds 1928	—	—	—	—	19,981	5 0	—	—	—	—	19,981	5 0
Investments with the Supreme Court of Judicature in Irish Free State:—												
£100 5% War Loan 1929-1947	20,000	0 0	—	—	—	—	—	—	—	—	20,000	0 0
£100 5% War Loan 1929-1947	—	—	—	—	20,000	0 0	—	—	—	—	20,000	0 0
British Government securities	27,180,809	2 6	32,909,067	5 11	960,445	2 8	1,250,000	0 0	730,802	8 6	63,031,123	19 7
Securities guaranteed by British Government under Trades Facilities	1,456,932	17 0	3,973,836	4 0	37,925	0 0	—	—	—	—	5,468,694	1 0
Bank of England stock	153,814	0 0	—	—	—	—	—	—	—	—	153,814	0 0
Municipal and county securities, United Kingdom	1,882,830	10 3	3,535,562	9 7	29,397	17 6	—	—	—	—	5,447,790	17 4
Indian and Colonial Government securities	4,538,270	10 1	4,486,013	9 11	55,040	8 0	—	—	—	—	9,079,324	8 0
Indian and Colonial provincial securities	273,706	9 1	97,102	17 10	—	—	—	—	—	—	370,809	6 11
Indian and Colonial municipal securities	1,964,380	17 7	827,380	18 3	—	—	—	—	—	—	2,791,761	13 10
Foreign Government securities	4,753,419	2 8	5,410,762	7 6	431,625	10 9	—	—	—	—	10,595,807	0 11
Foreign provincial securities	544,394	4 1	727,434	15 7	44,584	3 4	—	—	—	—	1,316,413	3 0
Foreign municipal securities	1,135,998	2 10	1,118,249	10 2	68,893	5 0	—	—	—	—	2,323,140	18 0
Debenture stocks and gold and sterling bonds—Home and Foreign	11,854,650	3 5	15,823,978	8 10	301,218	16 2	—	—	—	—	27,779,847	8 5
Debenture and, other preference and guaranteed stocks and shares	5,857,421	12 5	8,010,358	2 4	81,605	5 10	—	—	—	—	13,949,385	0 7
Debenture and other ordinary stocks and shares	8,368,608	4 7	8,804,084	1 4	465,121	16 2	—	—	—	—	17,637,814	2 1
Unpaid charges	191,900	12 9	—	—	—	—	—	—	—	—	191,900	12 9
Household ground rents and Scotch feu duties	—	—	4,886,509	14 4	—	—	—	—	—	—	4,886,509	14 4
Household ground rents	—	—	4,598	18 7	—	—	—	—	—	—	4,598	18 7
Immovable property	—	—	5,902,171	12 6	—	—	—	—	—	—	5,902,171	12 6
Life interests	35,429	4 1	—	—	—	—	—	—	—	—	35,429	4 1
Reversions	466,282	12 2	—	—	—	—	—	—	—	—	466,282	12 2
Debtors' balances	—	—	—	—	75,431	7 4	—	—	—	—	75,431	7 4
Outstanding premiums	472,033	2 9	570,286	3 7	124,726	17 4	—	—	—	—	1,167,046	3 8
Outstanding interest, dividends and rents	199,598	14 11	80,952	10 9	550	0 0	—	—	—	—	281,101	14 8
Outstanding dividends and rents accrued but not payable	556,650	0 0	441,913	9 7	1,270	0 0	—	—	—	—	999,833	9 7
Outstanding from other Companies on re-insurance Account	—	—	—	—	203,006	15 11	—	—	—	—	203,006	15 11
Outstanding by debtors	10,211	7 1	51,274	13 0	9	10 11	—	—	—	—	61,495	11 0
Outstanding receivable	500,000	0 0	617,247	5 8	—	—	—	—	—	—	1,117,247	5 8
Outstanding Stamps	—	—	—	—	359	8 10	—	—	—	—	359	8 10
Outstanding deposit:—												
In the United Kingdom	—	—	70,000	0 0	—	—	—	—	—	—	70,000	0 0
Abroad	—	—	—	—	87,130	4 2	—	—	—	—	87,130	4 2
Hand and on current account:—												
In the United Kingdom	104,706	3 0	114,826	6 2	49,036	6 7	—	—	118,862	12 4	387,431	8 1
Abroad	251,769	7 5	95,886	12 5	15,697	18 0	—	—	—	—	363,353	18 7
<b>Total</b>	<b>£89,385,089</b>	<b>6 1</b>	<b>£114,749,878</b>	<b>14 9</b>	<b>£3,073,057</b>	<b>0 3</b>	<b>£1,250,000</b>	<b>0 0</b>	<b>£849,665</b>	<b>0 10</b>	<b>£209,307,690</b>	<b>1 11</b>

Branch  
or more  
these  
forth in  
ngdom  
fund is

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, 1927, 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, 1927.

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

4th February, 1928.

P00002046

0649-011

The  
Prudential  
Assurance Company

LIMITED

HOLBORN BARS, LONDON,  
ENGLAND



---

DIRECTORS' REPORT  
AND  
STATEMENT OF ACCOUNTS  
at 31st December, 1927

---

To be presented to the Shareholders at  
the Ordinary General Meeting to be held  
at Holborn Bars, London, on Thursday,  
the 1st day of March, 1928, at 2 o'clock

H.W.V. (19296)—15-2-28

P00002047.

0649-012