

EIGHTY-FOURTH ANNUAL REPORT

For the Year ending 31st December, 1932



Directors :

SIR EDGAR HORNE, BART., *Chairman*
FREDERICK SCHOOLING, F.I.A., *Deputy-Chairman*
ARTHUR RHYS BARRAND, F.I.A. MAJOR WILLIAM GUY HORNE
GEORGE LEWIS BARSTOW, K.C.B. JOHN ROY LANCASTER
LAURENCE NUNNS GUILLEMARD, SIR JOHN HENRY LUSCOMBE
G.C.M.G., K.C.B. LT.-COL. PERCY LESTER REID,
GUY PHILIP HARBEN, O.B.E. O.B.E.

Joint Secretaries :

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

Chief Controller :

G. GOODMAN, F.I.A.

Actuary :

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

Assistant Actuaries :

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

Assistant Managers :

E. J. W. BORRAJO, M.B.E., A.I.A. F. D. McMILLAN
H. H. REDMAN A. H. SABIN
A. H. WINDSOR, C.M.G.

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, E.C. 1

HOME DISTRICT OFFICES
WHERE ALL CLASSES OF INSURANCE MAY BE EFFECTED :

LONDON :

334 & 336, Holloway Road, N.7.
 271 & 273, 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 & 30, Green's End, Woolwich, S.E.18.

362-6, North End Road, Fulham, S.W.6.
 12 & 13, South Side, Clapham Common, S.W.4.
 4 & 5, Station Parade, Balham, S.W.12.
 25 & 27, Oxford Street, W.1.
 28, New Broadway, Ealing, W.5.
 46, High Road, Chiswick, W.4.
 178, Finchley Road, N.W.3.
 101-9, Ladbroke Grove, W. 11.

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

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EIGHTY-FOURTH ANNUAL REPORT

For the Year ending 31st December, 1932

THE DIRECTORS have the honour to submit their Report and Accounts for the year 1932.

The Assets of the Company now amount to £263,694,842, as compared with £255,793,860 a year ago, *i.e.*, an increase of £7,900,982. This increase would have been £15,150,982 but for the fact that £4,000,000 of the Investments reserve fund in the Ordinary Branch and £3,250,000 of the Investments reserve fund in the Industrial Branch have been applied towards writing down the book values of certain investments.

The Income from all sources during 1932 was £48,685,145, as compared with £46,531,415 in 1931, *i.e.*, an increase of £2,153,730.

The Surplus arising from the Life Business, including the sum of £389,268 brought forward, is £9,931,441, which has been allocated as follows:—

	£
To the Investments reserve funds	1,000,000
For bonuses to the Ordinary Branch and Industrial Branch participating policyholders ..	6,187,111
Transferred to Profit and Loss account for dividend and bonus to the holders of "A" shares	1,125,000
Bonus to members of outdoor staff	661,449
To the Special contingency fund	458,333
To be carried forward	499,548

Ordinary Branch.—The number of policies issued during the year was 71,950, assuring the sum of £17,274,246, and producing a new annual premium income of £1,040,117. In addition new sums assured amounting to £2,000,477 and producing an annual premium income of £95,337 have been written in connection with the Company's foreign re-assurance arrangements. Included in these new sums assured is £1,900,000 ceded by the Lebensversicherungs-Gesellschaft Phönix of Vienna. The total premiums received were £12,876,892.

The number of life policies in force at the end of the year was 1,006,217, assuring with bonus £199,516,740 and producing a premium income of £11,121,102 per annum. In addition, sums assured amounting to £17,264,953 and producing an annual premium income of £812,145 have been guaranteed by the Company under foreign re-assurance arrangements. Included in these sums assured is £16,303,884 ceded by the Lebensversicherungs-Gesellschaft Phönix of Vienna.

The immediate annuities payable were 5,686 in number, and amounted to £324,336 per annum. In addition there were 2,886 deferred and contingent annuities, securing £146,240 per annum by an annual premium income of £33,403.

The total claims for the year, including £277,379 in respect of foreign re-assurances, amounted to £9,456,506. In respect of direct business there were 10,816 death claims for sums assured, including bonuses, of £2,426,580 and 8,347 matured endowment assurances for sums assured, including bonuses, of £6,752,547.

Industrial Branch.—The premiums received during the year were £19,133,362, being an increase of £29,074 over those for the year 1931.

Policies in this Branch automatically become free policies on cessation of premiums provided that these have been paid for not less than one year.

The number of policies becoming free policies during the year was 649,467, the number in force being 4,259,755. The number of free policies which became claims was 296,143.

The total number of policies in force in this Branch at the end of the year was 26,692,311, under which the maximum sum assured together with declared bonus was £503,421,139 producing an annual premium income of £19,776,380. The average duration of the whole life premium paying policies in force exceeds 18 years.

The sum of £10,959,368 under 1,506,840 policies was paid during the year on claims by death or maturity or in respect of surrenders. The number of endowment assurance policies which matured was 86,541.

General Branch.—The premiums received during the year, after deduction of the re-insurances, were £2,154,843, being an increase of £101,916 in sections other than Marine and a decrease of £17,838 in the Marine, thus giving a net increase of £84,078 over those for the year 1931.

The capital sum insured under Sinking Fund policies is £8,951,375 as compared with £8,653,266 in 1931, *i.e.*, an increase of £298,109.

In the General Branch the Company undertake duties as Trustees in respect of issues of Debentures and Debenture Stocks, and as Trustees and Executors of estates. The total amount of such Debentures, Debenture Stocks and Estates at the end of the year was approximately £27,000,000.

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

In the Ordinary Branch, with the exceptions noted hereunder, the assurances have been valued by the British Offices' O^M Table of Mortality with interest at 3 per cent. In respect of business written under our re-assurance treaty with the Lebensversicherungs-Gesellschaft Phönix of Vienna the full net premium reserves according to the Austro-Hungarian Males (1876-1900) aggregate table have been retained. The same basis has been adopted in the valuation of the business re-assured under similar arrangements with the Towarzystwo Ubezpieczeń Przeworność of Warsaw. In connection with this re-assurance business, a rate of interest of 4 per cent. has been assumed in the valuation, such rate being less than that guaranteed by the ceding companies in respect of the reserves held abroad under these treaties. The item "Adjustment in exchange" in the Revenue Account represents the variation in the sterling equivalent of the Assurance Funds held in respect of foreign re-assurance contracts due to the movement in exchange rates in the course of the year. The liabilities in respect of these contracts are in foreign currency and assets of the same amount and in the same foreign currency are held against them. Adjustments of this character, due to variations in the rates of exchange, do not represent profit or loss arising from these contracts and their inclusion in the accounts is merely for the purpose of ensuring that both assets and liabilities are shewn at their equivalent sterling value at the date of the Accounts. The British Offices' Life Annuity Tables 1893, with interest at 3 per cent., 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 and interest basis as last year, namely the English Life Tables (No. 8), with interest at 3 per cent.

In both branches net premiums only have been valued.

In the **General Branch** the surplus shown is **£349,040**, including the sum of **£159,126** brought forward from last year. This surplus has been allocated as follows:—

	£
To the strengthening of reserves	27,552
Transferred to Profit and Loss account for Income Tax	26,500
Transferred to Profit and Loss account for dividends to holders of "A" shares and "B" shares	100,000
To be carried forward	194,988

In the **Ordinary Branch** the surplus shown is **£3,345,167**, including the sum of **£138,382** brought forward from last year.

This surplus has been allocated as follows:—

	£
To the Investments reserve fund	500,000
For bonus to participating policyholders	2,329,691
Transferred to the Industrial Branch revenue account for allocation in accordance with the Articles of Association	257,336
To be carried forward	258,140

The above stated amount of **£2,329,691** is sufficient to provide in respect of participating policies which were in force on 31st December, 1932, a reversionary bonus of **£2** per cent. of the original participating sums assured under Endowment Assurance policies and **£2 6s.** per cent. of the original participating sums assured under Whole Life Assurance policies.

The Directors, after considering the valuation report of the Actuary, have decided that the Ordinary Branch Contingency Fund of **£950,000** is no longer required for the purposes for which it was set aside, and have applied the whole of this fund in accordance with the special resolutions passed at the Extraordinary General Meeting held on the 16th February, 1933. This **£950,000** has been allocated as shewn below, but the transactions will appear in the accounts for the year 1933.

	£
For Bonus to the participating policyholders specified below	855,000
Transferred to the Industrial Branch Revenue Account for allocation in accordance with the Special Resolution	95,000

The above stated amount of **£855,000** is sufficient to provide an additional reversionary bonus of **16s. per £100** original participating sums assured under Endowment Assurance and Whole Life Assurance policies which were issued before 1st January, 1932, and which were in force on 31st December, 1932.

This distribution of the Ordinary Branch Contingency Fund fulfils the promise made by the Directors in the Eighty-Third Annual Report.

Reversionary bonuses at the following rates are therefore being allocated to participating policies which were in force on 31st December, 1932:—

Policies issued during 1932.

Whole Life Assurances	£2 6s. per cent.
Endowment Assurances	£2 0s. per cent.

Policies issued before 1932.

Whole Life Assurances	£3 2s. per cent.
Endowment Assurances	£2 16s. per cent.

In the **Industrial Branch** the surplus shown is **£6,586,274**, including the sum of **£250,886** brought forward from last year. This surplus, together with the sum of **£257,336** transferred from the Ordinary Branch revenue account, has been allocated as follows:—

	£
To the Investments reserve fund	500,000
For bonus to participating policyholders	3,857,420
Transferred to Profit and Loss account for dividend and bonus to holders of "A" shares	1,125,000
Bonus to members of outdoor staff	661,449
To the Special contingency fund	458,333
To be carried forward	241,408

The Directors, after considering the valuation report of the Actuary, have decided that the Industrial Branch Contingency Fund of **£1,750,000** is no longer required for the purposes for which it was set aside, and have applied the whole of this fund in accordance with the special resolutions passed at the Extraordinary General Meeting held on the 16th February, 1933. This **£1,750,000**, together with the sum of **£95,000** from the Ordinary Branch Contingency Fund, has been allocated as shewn below but the transactions will appear in the accounts for the year 1933.

	£
For Bonus to participating policyholders	1,304,524
Transferred to Profit and Loss account for bonus to holders of "A" shares	89,583
Bonus to members of Outdoor Staff	118,509
To the Special contingency fund	313,889
To be aggregated with the surplus for 1932	18,495

The Directors have decided that the following allotments shall be made:—

(1) In the case of all participating policies issued out of the Industrial Branch on and after 1st January, 1923, on which premiums were being paid on 31st December, 1932, there shall be added to the original sums assured at death or maturity of endowment a Reversionary Bonus as follows:—

- (a) Where the policy was issued before 1932 a Reversionary Bonus of **£1 10s. per P00021685** 1st January, 1933. A further Reversionary Bonus of **12s. per £100** on 3rd March policies on which premiums are being paid on 2nd March, 1933.
- (b) Where the policy was issued in 1932 a Reversionary Bonus of **£1 10s. per cent.** on completion of payment of one year's premiums.

(2) In the case of policies issued out of the Industrial Branch during the years 1903 to 1922 inclusive, on which premiums are being paid on 2nd March, 1933 (except those in the Irish Free State) and which are entitled to participate under the Bonus Distribution Scheme, there shall be added on 3rd March, 1933, to the original sums assured at death or maturity of endowment a Reversionary Bonus of £15 15s. per cent. The bonus on these policies is now made a Reversionary addition to the sum assured. This bonus is inclusive of and not in addition to that declared in March, 1932, in respect of such policies. In any case in which the bonus which but for this declaration would have been payable is greater than the reversionary bonus now declared, or than such reversionary bonus with any subsequent additions thereto, the difference will also be payable.

(3) In the case of policies issued out of the Industrial Branch before 1st January, 1903, on which premiums are being paid on the 2nd March, 1933 (except those in the Irish Free State) and which are entitled to participate under the Bonus Distribution Scheme and become claims by death or maturity of endowment between 3rd March, 1933, and 10th March, 1949, both dates inclusive, there will be paid as part of the claim a bonus addition to the sum otherwise payable as follows:—

Premiums paid for	Amount of claim increased by
	£
30 years and less than 35 years	20 per cent.
35 " " " " 40 "	25 " "
40 " " " " 45 "	30 " "
45 " " " " 50 "	35 " "
50 " " " " 55 "	40 " "
55 " " " " 60 "	50 " "
60 " " " " 65 "	60 " "
65 " " " " 70 "	65 " "
70 " " upwards	70 " "

These bonuses are inclusive of and not in addition to those declared in March, 1932, and are guaranteed for a period of sixteen years to 10th March, 1949.

(4) In the case of Policies in the Irish Free State issued out of the Industrial Branch before 1st January, 1923, on which premiums are being paid on 2nd March, 1933, and which are entitled to participate under the Bonus Distribution Scheme, becoming claims by death or maturity of endowment between 3rd March, 1933, and 8th March, 1934, both dates inclusive, there will be paid as part of the claim a bonus addition to the sum otherwise payable as follows:—

Where premiums have been paid for less than 30 years the amount of claim shall be increased by £15 15s. 0d. per cent. Where premiums have been paid for 30 years and upwards the rates shall be as in the above Table in (3).

In the Irish Free State the surplus is proportionately less; this necessitates the above variations in the rate of bonus for policies in the Irish Free State issued before 1st January, 1923.

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 £36,871,497.

The important changes in the organisation of the work of the Industrial Branch (both at Chief Office and among Superintendency and Agency Staff) have resulted in a continuous decrease in the rate of expense in this Branch. In 1920 the expense ratio was 40.5 per cent. of the premiums received, and in 1928 it fell for the first time below 25 per cent. to 24.89 per cent. Since 1920 the ratio has fallen each year and in 1932 was reduced to 24.23 per cent.

The Directors have decided to declare from the profits of 1932 a dividend at the rate of 10s. per "A" share payable by four quarterly instalments of 2s. 6d. each on the first Thursday in March, June, September and December, 1933, plus a bonus of 8s. and a dividend from the General Branch of 4½d. per "A" share payable in March, 1933. They have also declared a dividend at the rate of 1s. 6d. per "B" share payable on the first Thursday in March, 1933. The Directors, having decided that the Ordinary Branch and Industrial Branch Contingency Funds are no longer required for the purposes for which they were set aside, have applied the whole of these funds in accordance with the special resolution passed at the Extraordinary General Meeting held on the 16th February, 1933, and a further 1s. 5½d. bonus accordingly payable in respect of each "A" share on the first Thursday in March, 1933. All the above amounts payable free of Income Tax.

During the year the Directors suffered the loss by death of their colleague MR. FRANK HAYCRAFT. He entered the service of the Company in 1871, was appointed one of the Auditors in 1928 and a Director in 1929.

The vacancy on the Directorate has been filled by the appointment of MR. ARTHUR RHYS BARRAND, F.I.A., who now offers himself for election.

The retiring Directors are MR. FREDERICK SCHOOLING, F.I.A., MR. JOHN ROY LANCASTER and MAJOR WILLIAM HORNE, who offer themselves for re-election.

The HONOURABLE BERNARD FRANCIS ROLLO and MR. HENRY ROGERS GRAY offer themselves for re-election as Auditors.

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

EDGAR HORNE,
Chairman.

LONDON BARS,
16th February, 1933.

REVENUE ACCOUNT OF THE ORDINARY BRANCH

For the Year ending 31st December, 1932, in respect of Life Assurance Business.

	£	s.	d.		£	s.	d.
Amount of life assurance fund at the beginning of the year	99,018,073	15	11				
Less portion of life assurance fund re-transferred as from 1st January in respect of re-assurances ceded by Phoenix of Vienna	96,219	7	3				
Premiums				98,921,854	8	8	
Consideration for annuities granted				12,876,891	16	6	
Interest and dividends	£5,511,324	14	11	1,396,911	17	1	
Less income tax	744,760	19	7				
Adjustment in exchange				4,766,563	15	4	
				461,359	10	0	
				<u>£118,423,581</u>	<u>7</u>	<u>7</u>	
Claims under policies paid and outstanding :—							
By death	£2,672,548	11	11				
By maturity	6,783,957	0	4				
				9,456,505	12	5	
Surrenders				1,967,373	3	7	
Bonuses surrendered for cash				183,108	13	0	
Annuities				238,777	3	10	
Life business :—							
Commission				815,830	12	0	
Expenses of management				828,269	18	0	
Annuity business :—							
Commission				18,748	12	0	
Expenses of management				21,493	16	6	
Transfer to Investments reserve fund				500,000	0	0	
Transfer to Industrial branch Revenue account				257,336	0	0	
Amount of life assurance fund at the end of the year				104,136,137	14	11	
				<u>£118,423,581</u>	<u>7</u>	<u>7</u>	

NOTE.—During the year 71,950 policies were issued for a sum assured of £17,274,246 9s. 11d. The amount received by way of single premiums was £640,970 18s. 7d. The yearly renewal premium income was £1,040,116 12s. 6d. In addition new sums assured amounting to £2,000,476 13s. 6d. and producing an annual premium income of £95,337 0s. 10d. have been written in connection with the Company's foreign reinsurance arrangements.

REVENUE ACCOUNT OF THE INDUSTRIAL BRANCH

For the Year ending 31st December, 1932, in respect of Industrial Assurance Business.

	£	s.	d.		£	s.	d.
Amount of Industrial assurance fund at the beginning of the year	129,868,359	17	6				
Premiums				19,133,361	12	4	
Interest, Dividends and rents	£7,137,304	16	2				
Less income tax	463,696	5	9				
Amount transferred from Ordinary Branch Revenue Account				6,673,608	10	5	
				257,336	0	0	
				<u>£155,932,666</u>	<u>0</u>	<u>3</u>	
Claims under policies paid and outstanding :—							
By death	£5,752,541	2	2				
By maturity	1,615,224	9	1				
				7,367,765	11	3	
Surrenders				3,591,602	18	8	
Commission				2,752,601	0	0	
Expenses of management				£2,610,777	7	10	
Less amount received from General branch for Approved Societies' expenses				727,187	7	1	
Transfer to Investments reserve fund				1,883,590	0	9	
Bonus allocation to members of Company's outdoor staff				500,000	0	0	
Transfer to Profit and loss account				661,448	11	5	
Special contingency fund				1,125,000	0	0	
Amount of Industrial assurance fund at the end of the year				458,333	6	8	
				137,592,324	11	6	
				<u>£155,932,666</u>	<u>0</u>	<u>3</u>	

NOTE.—During the year 2,472,073 policies were issued, for a maximum sum assured of £63,608,790.

REVENUE ACCOUNTS OF THE GENERAL BRANCH

For the Year ending 31st December, 1932.

Fire Insurance Business.

	£	s.	d.		£	s.	d.
Amount of fire insurance fund at the beginning of the year :—							
Reserve for unexpired risks	£334,467	0	0				
Additional reserve	352,459	0	0				
Premiums				686,926	0	0	
Interest and dividends	£41,072	4	1	819,443	15	5	
Less income tax	7,404	9	0				
				33,667	15	1	
				<u>£1,540,037</u>	<u>10</u>	<u>6</u>	
Claims under policies paid and outstanding				430,632	14	6	
Commission				167,862	11	11	
Expenses of management				185,669	10	0	
Contributions to fire brigades				1,866	17	6	
Transfer to Profit and loss account				64,790	16	7	
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				£327,778	0	0	
Additional reserve brought forward	£352,459	0	0				
Add from 1932 surplus				8,978	0	0	
				361,437	0	0	
				689,215	0	0	
				<u>£1,540,037</u>	<u>10</u>	<u>6</u>	

REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

Sickness and Accident Insurance Business.

£	s.	d.	£	s.	d.	£	s.	d.
9,450,505	12	3	Amount of sickness and accident insurance fund at the beginning of the year :—			Payments under policies, including medical and legal expenses in connection therewith :—		
1,967,373	3	7	Reserve for unexpired accident risks £56,477 0 0			Accident 52,256 0 5		
183,108	13	0	Reserve for permanent sickness risks 37,739 0 0			Permanent sickness 4,514 8 7		
238,777	3	10	Total estimated liability in respect of outstanding accident claims 13,620 0 0			Commission 20,490 8 4		
815,830	12	9	Additional reserve for accident risks :—			Expenses of management 32,930 6 2		
828,269	18	9	Renewable 33,962 0 0			Amount transferred to Industrial Branch for Approved Societies' expenses 727,187 7 1		
18,748	12	0	Annual 35,250 0 0			Transfer to Profit and loss account 42,979 2 7		
21,493	16	6	177,048 0 0			Amount of sickness and accident insurance fund at the end of the year :—		
500,000	0	0	Premiums :—			Reserve for unexpired risks, being 40 per cent. of the premium income for the year for accident risks £57,502 0 0		
257,336	0	0	Accident £143,755 11 9			Reserve for permanent sickness risks 38,717 0 0		
04,136,137	14	11	Permanent sickness 7,178 9 9			Total estimated liability in respect of outstanding accident claims 14,412 0 6		
18,423,581	7	7	Interest and dividends £10,764 18 11			Additional reserve for accident risks :—		
			Less income tax 1,940 13 10			Renewable 37,755 0 0		
			8,824 5 1			Annual 35,250 0 0		
			Amount received from Approved Societies for expenses 727,187 7 1			183,636 0 6		
			150,934 1 6					
			8,824 5 1					
			727,187 7 1					
			£1,063,993 13 8			£1,063,993 13 8		

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

£	s.	d.	£	s.	d.	£	s.	d.
1,883,590	0	9	Amount of employers' liability insurance fund at the beginning of the year :—			Payments under policies, including medical and legal expenses in connection therewith 49,704 8 1		
500,000	0	0	Reserve for unexpired risks £36,907 0 0			Commission 7,529 8 8		
661,448	11	5	Total estimated liability in respect of outstanding claims 49,772 0 0			Expenses of management 29,066 4 2		
1,125,000	0	0	Additional reserve 39,126 0 0			Transfer to Profit and loss account 7,057 15 9		
458,333	6	8	125,805 0 0			Amount of employers' liability insurance fund at the end of the year :—		
137,592,324	11	6	Premiums 87,209 15 1			Reserve for unexpired risks, being 40 per cent. of the premium income for the year £34,884 0 0		
155,932,666	0	3	Interest and dividends £6,540 2 7			Total estimated liability in respect of outstanding claims 51,008 0 0		
			Less income tax 1,179 1 0			Additional reserve 39,126 0 0		
			5,361 1 7			125,018 0 0		
			£218,375 16 8			£218,375 16 8		

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

£	s.	d.	£	s.	d.	£	s.	d.
430,632	14	6	Amount of employers' liability insurance fund at the beginning of the year :—			Payments under policies, including medical and legal expenses in connection therewith 434 3 8		
167,862	11	11	Reserve for unexpired risks £211 0 0			Commission 42 3 4		
185,669	10	0	Total estimated liability in respect of outstanding claims 575 0 0			Expenses of management 163 15 0		
1,866	17	6	786 0 0			Transfer to Profit and loss account 429 18 3		
64,790	16	7	Premiums 490 5 10			Amount of employers' liability insurance fund at the end of the year :—		
			Interest and dividends £1,000 0 0			Reserve for unexpired risks, being 40 per cent. of the premium income for the year £196 0 0		
			Less income tax 180 5 7			Total estimated liability in respect of outstanding claims 830 0 0		
			819 14 5			1,026 0 0		
			£2,096 0 3			£2,096 0 3		

LIABILITIES.	Ordinary Branch.		Industrial Branch.		General Branch.		Common Contingency Fund.		Special Contingency Fund.		Share Premium Account.		Total.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Authorized capital:—														
1,250,000 "A" shares of £1 each	£1,250,000													
1,000,000 "B" shares of £1 each	1,000,000													
	<u>£2,250,000</u>													
Issued capital:—														
1,250,000 "A" shares of £1 each, fully paid	1,250,000	0 0	1,250,000	0 0	—	—	—	—	—	—	—	—	1,250,000	0 0
1,000,000 "B" shares of £1 each, 4s. paid	200,000	0 0	—	—	200,000	0 0	—	—	—	—	—	—	200,000	0 0
Share premium account	—	—	—	—	—	—	—	—	—	—	703,270	6 10	703,270	6 10
Life assurance fund Ordinary branch ..	104,136,137	14 11	—	—	—	—	—	—	—	—	—	—	104,136,137	14 11
Industrial assurance fund	—	—	137,592,324	11 6	—	—	—	—	—	—	—	—	137,592,324	11 6
General branch insurance funds:—														
Fire insurance fund	—	—	—	—	689,215	0 0	—	—	—	—	—	—	689,215	0 0
Sickness and accident insurance fund ..	—	—	—	—	183,636	0 6	—	—	—	—	—	—	183,636	0 6
Employers' liability insurance fund (British)	—	—	—	—	125,018	0 0	—	—	—	—	—	—	125,018	0 0
Employers' liability insurance fund (Irish Free State)	—	—	—	—	1,026	0 0	—	—	—	—	—	—	1,026	0 0
Motor vehicle insurance fund	—	—	—	—	317,274	0 0	—	—	—	—	—	—	317,274	0 0
Miscellaneous insurance fund	—	—	—	—	277,002	0 0	—	—	—	—	—	—	277,002	0 0
Sinking fund insurance fund	—	—	—	—	1,077,014	0 0	—	—	—	—	—	—	1,077,014	0 0
Marine insurance fund	—	—	—	—	430,701	17 11	—	—	—	—	—	—	430,701	17 11
Total	—	—	—	—	—	—	—	—	—	—	—	—	3,100,886	18 5
Investments reserve funds	2,500,000	0 0	2,500,000	0 0	—	—	—	—	—	—	—	—	5,000,000	0 0
Common contingency fund	—	—	—	—	—	—	2,066,496	9 9	—	—	—	—	2,066,496	9 9
Contingency funds	950,000	0 0	1,750,000	0 0	350,000	0 0	—	—	—	—	—	—	3,050,000	0 0
Special contingency fund	—	—	—	—	—	—	—	—	3,151,025	13 10	—	—	3,151,025	13 10
Bonus on War Loan conversion not taken to Revenue	45,707	13 8	25,171	1 2	—	—	—	—	—	—	—	—	70,878	14 10
Claims admitted or intimated but not paid:—														
Life assurance	402,732	8 3	6,617	10 3	—	—	—	—	—	—	—	—	409,349	18 6
Fire insurance	—	—	—	—	115,758	17 6	—	—	—	—	—	—	115,758	17 6
Motor insurance	—	—	—	—	186,106	0 0	—	—	—	—	—	—	186,106	0 0
Miscellaneous insurance	—	—	—	—	64,724	0 0	—	—	—	—	—	—	64,724	0 0
Annuities due and unpaid	4,804	11 0	—	—	—	—	—	—	—	—	—	—	4,804	11 0
Outstanding commission and expenses Due to other companies on re-insurance account:—	102,026	5 1	100,000	0 0	15,000	0 0	—	—	—	—	—	—	217,026	5 1
Life assurance	—	—	—	—	—	—	—	—	—	—	—	—	—	—
General branch:—														
Fire insurance	—	—	—	—	84,972	1 3	—	—	—	—	—	—	84,972	1 3
Sickness and accident insurance	—	—	—	—	440	0 8	—	—	—	—	—	—	440	0 8
Employers' liability insurance	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Motor vehicle insurance	—	—	—	—	26	10 9	—	—	—	—	—	—	26	10 9
Miscellaneous insurance	—	—	—	—	1,315	4 1	—	—	—	—	—	—	1,315	4 1
Marine insurance	—	—	—	—	13,385	18 11	—	—	—	—	—	—	13,385	18 11
Total	—	—	—	—	—	—	—	—	—	—	—	—	100,139	15 8
Deposit as security for return of investments lent	28,930	0 0	10,500	0 0	—	—	—	—	—	—	—	—	39,430	0 0
Reserve for income tax	—	—	—	—	31,557	14 7	9,500	0 0	5,839	0 0	5,000	0 0	51,896	14 7
Sundry creditors	9,736	8 1	7,046	3 0	9,486	7 6	—	—	—	—	—	—	26,268	18 7
Bills payable	—	—	14,784	9 8	—	—	—	—	—	—	—	—	14,784	9 8
Deposit by subsidiary company	—	—	100	0 0	—	—	—	—	—	—	—	—	100	0 0
Loans on policies within their surrender values, due to re-insuring companies	105,150	0 0	—	—	—	—	—	—	—	—	—	—	105,150	0 0
Bonus allocation to members of Company's outdoor staff £661,448 11 5 Add balance brought forward	6,360	15 4	—	—	—	—	—	—	—	—	—	—	667,809	6 9
Unclaimed dividends	—	—	667,809	6 9	—	—	—	—	—	—	—	—	667,809	6 9
Balance standing to credit of Profit and loss account	—	—	422	6 7	12	3 9	—	—	—	—	—	—	434	10 4
	—	—	1,125,000	0 0	294,988	5 6	—	—	—	—	—	—	1,419,988	5 6
	£108,284,725	1 0	£145,050,325	8 6	£4,418,660	2 11	£2,075,996	9 9	£3,156,864	13 10	£708,270	6 10	£263,694,842	2 10

NOTE:—
 (a) Instalments not due until after 31st December, 1932, on investments held, £104,192 10s. 0d.
 (b) Uncalled capital on investments held, £2,193,388 16s. 9d.
 (c) Contingent liability on Shares, £736,540 13s. 9d.

2,000
 5,164 14 2
 5,961 18 7
 77,014 0 0
 7

"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 129 (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 assets are determined, under the Articles of Association of the Company, by the Directors. The Stock Exchange securities have been valued at the middle market prices as at 31st December, 1932, and we certify that in our belief the Assets set forth in the Balance Sheet, are, in the aggregate, in excess of the value stated therein.
 Specific deposits of Life Assurance assets, Ordinary branch, have been made with the following Governments under local laws as security to holders of policies issued:—
 Canada £300,000 3½ % Conversion Loan Poland Cash, Zloty 1,000,000
 New Zealand .. £14,000 New Zealand 4½ % Inscribed Stock 1948/58 .. South Africa .. £11,000 Cape of Good Hope 4% Consolidated Stock 1916/36
 and 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, accident and marine insurance business.
 Certain stocks have been deposited with the Company as security for return of investments lent.
 No part of any fund has been applied directly or indirectly for any purposes other than those of the class of business to which the fund is applicable.
 The profits or losses shown in the annual accounts of subsidiary companies made up to a date within the year ended 31st December, 1932, or in the last previous annual accounts which became available within that year have been dealt with as follows:—
 Profits are included in this Company's Revenue accounts to the extent of the dividends declared. The loss of one company amounting to £15,784 16s. 2d. for the year, has been carried forward.

J. BURN, General Manager. P. C. CRUMP, } Joint Secretaries.
 F. P. SYMMONS, Actuary. E. H. LEVER, }
 EDGAR HORNE, Chairman. F. SCHOOLING, } Directors.
 W. GUY HORNE, }

Table with columns: ASSETS, Ordinary Branch, Industrial Branch, General Branch, Common Contingency Fund, Special Contingency Fund, Share Premium Account, Total. Rows include Mortgages on property within the United Kingdom, Loans on Life interests, and various investments.

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.

B. ROLLO, } Auditors.
H. R. GRAY, }

We have examined the receipts and payments relating to the capital transactions in respect of the mortgages, loans and investments for the year ended 31st December, 1932. We have also examined the deeds, stock and 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 mortgages, loans, investments and cash set out in the above Balance Sheet as on the 31st December, 1932.

The

Outside of the United Kingdom
the Company has Branches or
Agencies in:—

- ARGENTINA
- AUSTRALIA
- BELGIUM
- BRAZIL
- CANADA
- CHINA
- COLOMBIA
- CUBA
- DENMARK
- DUTCH EAST INDIES
- EAST AFRICA
- EGYPT
- FINLAND
- FRANCE
- GERMANY
- GREECE
- HOLLAND
- INDIA
- IRAQ
- MALAY PENINSULA
- NEW ZEALAND
- NORWAY
- PHILIPPINE ISLANDS
- PORTUGAL
- SOUTH AFRICA
- SWEDEN
- TRINIDAD

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



Directors' Report
and
Statement of Accounts
at 31st December, 1932

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Shareholders of this Company will be held at 142, HOLBORN BARS, LONDON, on THURSDAY, the 2nd day of March, 1933, at Two o'clock in the afternoon precisely, for receiving the Report of the Directors, for electing Directors and Auditors for the ensuing year, and for transacting such other business as may be contemplated by the Articles of Association of the Company.

By order of the Board of Directors,
P. C. CRUMP,
E. H. LEVER,
Joint Secretaries.

22nd February, 1933.

N.B.—The attention of those Shareholders concerned is drawn to the following Extract from the Memorandum and Articles of Association of the Company:—

67. A holder of less than 250 B Shares shall not in respect of those shares be entitled to receive notice of or to attend or vote at any meeting of the Company.