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The
Prudential Assurance Company

LIMITED

(INCORPORATED IN ENGLAND.)

Value.

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EIGHTY-SIXTH
ANNUAL REPORT

Year ending 31st December, 1934



Directors :

SIR EDGAR HORNE, BART., *Chairman*

FREDERICK SCHOOLING, F.I.A., *Deputy-Chairman*

ARTHUR RHYS BARRAND, F.I.A.

MAJOR WILLIAM GUY HORNE

SIR GEORGE LEWIS BARSTOW, K.C.B.

JOHN ROY LANCASTER

SIR LAURENCE NUNNS GUILLEMARD,
G.C.M.G., K.C.B.

SIR JOHN HENRY LUSCOMBE

GUY PHILIP HARBEN, O.B.E.

LT.-COL. PERCY LESTER REID,
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 :

F. H. GARRAWAY, O.B.E., M.C.

F. W. MORGAN, M.C.

H. S. LANE, M.C.

H. H. REDMAN

F. D. McMILLAN

A. H. WINDSOR, C.M.G.

Deputy General Managers :

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

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

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**OFFICES IN THE UNITED KINGDOM
WHERE ALL CLASSES OF INSURANCE MAY BE EFFECTED :**

LONDON :

City Office :—Lloyd's Buildings, Leadenhall Street, E.C. 3.

404-406, Holloway Road, N.7.
178, Finchley Road, N.W.3.
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.
101-9, Ladbroke Grove, W.11.

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

HEAD OFFICES OVERSEAS :

AUSTRALIA AND NEW ZEALAND : Herald Building, 66, Pitt Street, Sydney, N.S.W.

CANADA : Lewis Building, 465, St. John Street, Montreal.

INDIA : Clive Buildings, Calcutta.

NEAR EAST : 14, Sharia Soliman Pasha, Cairo.

SOUTH AFRICA : Locarno House, Loveday Street, Johannesburg.

In addition the Company has Branches or Agencies in :—

Argentina	Dutch East Indies	Malay Peninsula
Belgium	East Africa	Norway
Brazil	Egypt	Palestine
Ceylon	Finland	Philippine Islands
China	France	Poland
Colombia	Germany	Portugal
Cuba	Greece	Southern Rhodesia
Cyprus	Holland	Sweden
Denmark	Irish Free State	Trinidad

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

EIGHTY-SIXTH ANNUAL REPORT

Year ending 31st December, 1934

THE DIRECTORS have the honour to submit their Report and Accounts for 1934.

The **Assets** of the Company now amount to **£290,524,340** as compared with **£277,472,181** a year ago, *i.e.*, an increase of **£13,052,159**.

The **Income** from all sources during 1934 was **£50,858,348** as compared with **£50,191,265** in 1933, *i.e.*, an increase of **£667,083**.

The **Surplus** arising from the **Life Business**, including the sum of **£1,069,280** brought forward, is **£10,028,218**, which, in accordance with the Articles of Association as revised at the Extraordinary General Meeting held on 10th January, 1935, has been allocated as follows:—

	£
For bonuses to the Ordinary Branch and Industrial Branch participating policyholders	6,344,288
Transferred to Profit and loss account for dividend to the holders of "A" shares	1,125,000
Bonus to members of outdoor staff	651,622
To Special contingency fund	298,500
To be carried forward	1,608,808

ORDINARY BRANCH.

The number of policies issued during the year was **93,574**, assuring the sum of **£24,028,783**, and producing an annual premium income of **£1,292,722**. In addition new sums assured exceeding **£1,500,000** and producing an annual premium income exceeding **£72,000** have been written under the Company's foreign reinsurance treaties. The total premiums received were **£12,443,227**.

The number of life policies in force on 31st December, 1934, was **989,374**, assuring with bonus **£220,238,571** and producing an annual premium income of **£11,522,612**. In addition, under our foreign reinsurance treaties the sums assured in force amounted to **£15,481,912** producing an annual premium income of **£736,446**.

Approximately 95 per cent. of the business transacted under our foreign reinsurance treaties has been ceded by the Lebensversicherungs-Gesellschaft Phönix of Vienna.

The immediate annuities payable were **9,063** in number, and amounted to **£622,220** per annum. In addition there were **7,030** deferred and contingent annuities, securing **£225,495** per annum and producing an annual premium income of **£67,169**.

The total claims for the year amounted to **£13,477,047**. There were **10,406** death claims for sums assured, including bonuses, of **£2,492,068** and **67,338** matured endowment assurances for sums assured, including bonuses, of **£10,984,979**.

The assurances, with the exceptions noted hereunder, have been valued by the British Offices' O^M table of mortality with interest at 3 per cent. ; the whole of the loading has been reserved for future expenses and profit. The sum of **£770,419** has been transferred from Profit on investments account and has been used for the purposes of strengthening the annuity reserve and meeting the additional liability entailed by the payment of claims under War Stock and Victory Bond policies above par. The annuities were valued for 1933 by the British Offices' Life Annuity Tables, 1893, the reserves being specially strengthened by assuming all annuitants to be select lives. For 1934, the reserve held for immediate annuities is on the basis of the *a(f)* and *a(m)* ultimate tables with interest at 3 per cent.

The liabilities in respect of our reinsurance treaties on the normal continental plan have been calculated according to the Austro-Hungarian Males (1876-1900) aggregate tables, with interest at 4 per cent., except where other valuation bases are prescribed by insurance laws or governmental regulations of the countries in which the business was transacted. These liabilities have been calculated and certified as correct by the actuaries of the ceding companies. The assets corresponding to these liabilities are retained abroad in accordance with continental laws and are deemed to be cash. The valuation rates of interest are in all cases less than the guaranteed rates credited by the ceding companies upon such assets. In cases where these liabilities are less than those that would result from a full net premium valuation, the difference has been reserved in addition in the United Kingdom. The liabilities in respect of such business have been calculated as at 31st December, 1933, firm figures as at 31st December, 1934, not being yet available ; the additional reserve in the United Kingdom makes ample provision should any adverse balance of account have accrued during 1934. The Revenue account for 1934 includes in respect of this reinsurance business only the differences between the figures included in our 1933 accounts and the firm figures now available ; the income and outgo for 1934 have been omitted. The firm figures for 1934 will appear in our accounts for the year ending 31st December, 1935.

The surplus shown is **£3,327,259**, including the sum of **£551,327** brought forward from last year.

	£
This surplus has been allocated as follows:—	
For bonus to participating policyholders.. .. .	2,434,554
Transferred to Profit and loss account for dividend to holders of "A" shares	257,006
Transferred to Special contingency fund.. .. .	13,500
To be carried forward	622,199

The Directors have declared bonuses in respect of participating policies, including those issued by our overseas branches, which were in force on 31st December, 1934, at the following rates :—

- (1) Whole Life Assurances, a Reversionary Bonus of **£2 6s.** per cent. of the original participating sums assured.
- (2) Endowment Assurances, a Reversionary Bonus of **£2** per cent. of the original participating sums assured.

INDUSTRIAL BRANCH.

The number of policies issued during the year was **2,341,708** assuring a sum of **£60,335,586**. The premiums received during the year were **£20,259,612**, being an increase of **£745,539** over those for 1933.

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 **445,331**. The number of free policies which became claims was **352,288**.

The total number of policies in force at the end of the year including **4,422,574** free policies was **27,024,155**, under which the maximum sum assured together with declared bonus was **£532,117,789** producing an annual premium income of **£20,807,199**. The average duration of the whole life premium paying policies in force exceeds 18 years.

The sum of **£12,008,544** under **1,305,663** 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 **108,445**.

The valuation was made on the same mortality and interest bases as last year, namely the English Life Tables (No. 8), with interest at 3 per cent. ; the whole of the loading has been reserved.

The sum of **£350,000** has been transferred from Profit on investments account and has been used to further strengthen the reserves for whole life contracts by weekly premiums and to meet the additional liability entailed by paying claims on War Stock policies above par. The sum of **£600,000** has been transferred from the Special contingency fund to the Industrial assurance fund solely for the benefit of policyholders and this amount has been included in the reserve. This sum enables the Reversionary Bonus Scheme to be applied to the whole of the participating policies in this branch (except those in the Irish Free State). The transition from the system of temporary bonuses on claims to permanent bonus additions to the sums assured, which was commenced eleven years ago, is thus completed.

The surplus shown is **£6,700,959**, including the sum of **£517,953** brought forward from last year. This surplus has been allocated as follows :—

	£
For bonus to participating policyholders	3,909,734
Transferred to Profit and loss account for dividend to holders of "A" shares	867,994
Bonus to members of outdoor staff	651,622
To Special contingency fund	285,000
To be carried forward	986,609

The total sum allotted this year for bonus to participating policyholders amounts to **£4,509,734**, including the **£600,000** transferred from the Special contingency fund.

The Directors have decided that in respect of all participating policies (except those in the Irish Free State) issued out of the Industrial Branch on which premiums were being paid on 31st December, 1934, there shall be a bonus addition to the original sum assured as follows :—

- (1) **£1 10s.** per cent. in respect of policies issued in 1934 on completion of payment of one year's premiums.
- (2) **£1 10s.** per cent. in respect of policies issued during the years 1889 to 1933 inclusive.
- (3) **£35** per cent. in respect of policies issued during the years 1885–1888 (inclusive).

£40 " " " " " " " " " " " "	1880–1884	"
£50 " " " " " " " " " " " "	1875–1879	"
£60 " " " " " " " " " " " "	1870–1874	"
£65 " " " " " " " " " " " "	1865–1869	"
£70 " " " " " " " " " " " "	before 1865.	

The bonus on policies issued before 1889 is now made a permanent addition to the sum assured and is inclusive of and not in addition to that previously declared 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 shall also be payable.

The result of the declaration this year is that all Industrial Branch participating policies (except those in the Irish Free State) now come under the Reversionary Bonus Scheme.

The Directors have also decided that in the case of all participating policies in the Irish Free State issued out of the Industrial Branch on and after 1st January, 1923, on which premiums were being paid on 31st December, 1934, there shall be a bonus addition to the original sum assured as follows :—

- (1) **£1 10s.** per cent. in respect of policies issued in 1934 on completion of payment of one year's premiums.
- (2) **£1 10s.** per cent. in respect of policies issued during the years 1923 to 1933 inclusive.

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 14th March, 1935, and which are entitled to participate under the Bonus Distribution Scheme, becoming claims by death or maturity of endowment between 15th March, 1935, and 12th March, 1936, both dates inclusive, there shall 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
	Less than 30 years	£18 15 0 per cent.
30 years and less than 35	35	£20 0 0 " "
35 " " " " 40	40	£25 0 0 " "
40 " " " " 45	45	£30 0 0 " "
45 " " " " 50	50	£35 0 0 " "
50 " " " " 55	55	£40 0 0 " "
55 " " " " 60	60	£50 0 0 " "
60 " " " " 65	65	£60 0 0 " "
65 " " " " 70	70	£65 0 0 " "
70 " " upwards	£70 0 0 " "

In the Irish Free State the surplus is proportionately less : this necessitates the above variations in the 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 **£45,903,887**.

The important changes in the organization of the work of the Industrial Branch (both at Chief Office and among the 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. Since then the ratio has fallen each year and in 1934 was reduced to **23.34** per cent.

GENERAL BRANCH.

The premiums received during the year, after deduction of the reinsurances, were **£3,121,462**, being an increase of **£400,743** over those for 1933. These figures do not include the fire insurance business written by the Company's American subsidiary, The Prudential Insurance Company of Great Britain located in New York.

The capital sum insured under sinking fund policies is **£10,520,362** as compared with **£9,599,072** in 1933, *i.e.*, an increase of **£921,290**.

The sinking fund policies were valued for 1933 on a net premium basis with interest at $3\frac{1}{4}$ per cent. For 1934 the reserve has been strengthened and now exceeds the amount required on a net premium basis with interest at 3 per cent. Part of the cost of this change has been provided by the transfer of **£190,000** from Profit and loss account of which **£178,533** is from Profit on investments account.

In this 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 **£40,000,000**.

The surplus shown is **£418,513**, including the sum of **£208,858** brought forward from last year. This surplus has been allocated as follows :—

	£
To the strengthening of reserves	67,620
Transferred to Profit and loss account for income tax	20,500
Transferred to Profit and loss account for dividends to holders of " A " shares and " B " shares	100,000
To be carried forward	230,393

The valuation of the contracts in all branches has been made by Mr. F. P. Symmons, F.I.A.

The Directors have declared in respect of the profits of the year 1934, a dividend on the " A " Shares at the rate of **18s. 4½d.** per share. The shareholders' profits from the Ordinary Branch together with their profits from the Industrial Branch provide **18s.** of this dividend and the remaining **4½d.** is from the General Branch profits. The Directors have also declared a dividend on the " B " Shares out of the General Branch profits at the rate of **1s. 6d.** per share. All the above amounts are payable on 14th March, 1935, and are free of income tax.

The retiring Directors are SIR EDGAR HORNE, BART., SIR JOHN HENRY LUSCOMBE, and MR. GUY PHILIP HARBEN, O.B.E., who offer themselves for re-election.

The Directors regret the death on 7th instant, of the HONOURABLE BERNARD FRANCIS ROLLO who had been one of the auditors of the Company since 1928. Mr. Rollo retired during the past year, and the Directors appointed MAJOR AUBREY DU PLAT THOROLD COLE, O.B.E., M.C., a qualified shareholder, to fill the vacancy.

MR. HENRY ROGERS GRAY and MAJOR AUBREY DU PLAT THOROLD COLE offer themselves for re-appointment as Auditors.

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

EDGAR HORNE

Chairman.

HOLBORN BARS,

28th February, 1935.

REVENUE ACCOUNT OF THE ORDINARY BRANCH
For the Year ending 31st December, 1934, in respect of Life Assurance Business

	£	s.	d.		£	s.	d.
Amount of life assurance fund at the beginning of the year	£111,069,369		1 10				
Less portion of life assurance fund retransferred in respect of re-assurances ceded by Phoenix of Vienna	3,959	18	1				
	111,065,409		3 9				
Premiums	12,443,227		5 11				
Consideration for annuities granted	1,946,445		3 9				
Interest, dividends and rents	£5,207,487		1 8				
Less income tax	561,287		4 9				
	4,646,199		16 11				
Transfer from Profit on investments account	770,419		0 0				
	<u>£130,871,700</u>		<u>10 4</u>				
Claims under policies paid and outstanding :—							
By death	£2,492,067		18 7				
By maturity	10,984,979		4 0				
	13,477,047		2 7				
Surrenders					1,044,688		11 2
Bonuses surrendered for cash					213,844		0 3
Annuities					511,263		11 6
Life business :—							
Commission					798,460		17 6
Expenses of management					808,479		8 0
Annuity business :—							
Commission					33,116		14 0
Expenses of management					28,940		0 6
Adjustment in exchange					399,712		6 8
Transfer to Special contingency fund					13,500		0 0
Transfer to Profit and loss account					257,006		0 0
Amount of life assurance fund at the end of the year	113,285,641		18 2				
	<u>£130,871,700</u>		<u>10 4</u>				

NOTE.—During the year 93,574 policies were issued for a sum assured of £24,028,783. The amount received by way of single premiums was £534,805. The yearly renewal premium income was £1,292,722. In addition new sums assured exceeding £1,500,000 and producing an annual premium income exceeding £72,000, have been written under the Company's foreign reinsurance treaties.

REVENUE ACCOUNT OF THE INDUSTRIAL BRANCH
For the Year ending 31st December, 1934, in respect of Industrial Assurance Business.

	£	s.	d.		£	s.	d.
Amount of Industrial assurance fund at the beginning of the year	145,788,219		9 2				
Premiums	20,259,612		5 4				
Interest, dividends and rents	£7,379,108		15 3				
Less income tax	555,584		18 11				
	6,823,523		16 4				
Transfer from Profit on investments account	350,000		0 0				
Transfer from Special contingency fund	600,000		0 0				
	<u>£173,821,355</u>		<u>10 10</u>				
Claims under policies paid and outstanding :—							
By death	£8,323,564		6 0				
By maturity	2,342,638		1 5				
	8,666,202		6 5				
Surrenders					3,342,341		16 1
Commission					2,872,447		0 0
Expenses of management	£2,584,954		13 0				
Less transfer from General branch for Approved Societies' expenses	728,892		3 11				
	1,856,062		9 1				
Bonus allocation to members of Company's outdoor staff					651,622		8 11
Transfer to Profit and loss account					867,994		0 0
Transfer to Special contingency fund					285,000		0 0
Amount of Industrial assurance fund at the end of the year	155,279,685		10 4				
	<u>£173,821,355</u>		<u>10 10</u>				

NOTE.—During the year 2,341,708 policies were issued, for a maximum sum assured of £60,335,586.

REVENUE ACCOUNTS OF THE GENERAL BRANCH
For the Year ending 31st December, 1934.

Fire Insurance Business.

	£	s.	d.		£	s.	d.
Amount of fire insurance fund at the beginning of the year :—							
Reserve for unexpired risks	£363,218		0 0				
Additional reserve	396,877		0 0				
	760,095		0 0				
Adjustment in exchange					14,780		0 0
Premiums					929,462		6 1
Interest and dividends	£42,409		9 11				
Less income tax	7,377		14 5				
	35,031		15 6				
	<u>£1,739,369</u>		<u>1 7</u>				
Claims under policies paid and outstanding	438,441		7 8				
Commission					192,649		8 4
Expenses of management					212,083		6 10
Contributions to fire brigades					2,136		15 8
Transfer to Profit and loss account					80,779		3 1
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	£371,785		0 0				
Additional reserve brought forward, adjusted for exchange	£404,267		0 0				
Add from 1934 surplus	37,227		0 0				
	441,404		0 0				
	813,279		0 0				
	<u>£1,739,369</u>		<u>1 7</u>				

REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

Sickness and Accident Insurance Business.

<i>s. d.</i>		<i>£ s. d.</i>		<i>£ s. d.</i>	
47 2 7	58 11 2	Amount of sickness and accident insurance fund at the beginning of the year :—		Payments under policies, including medical and legal expenses in connection therewith :—	
14 0 3	33 11 6	Reserve for unexpired accident risks	£58,308 0 0	Accident	53,796 8 8
60 17 6	79 8 0	Reserve for permanent sickness risks	39,563 0 0	Permanent sickness	4,444 9 8
16 14 0	40 0 6	Total estimated liability in respect of outstanding accident claims	15,762 5 10	Commission	24,550 13 10
40 0 6	12 6 8	Additional reserve for accident risks :—		Expenses of management	39,888 8 11
600 0 0	006 0 0	Renewable	41,714 0 0	Transfer to Industrial branch for Approved Societies' expenses	723,892 3 11
641 18 2		Annual	35,250 0 0	Transfer to Profit and loss account	40,758 6 2
			190,597 5 10	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	£69,202 0 0
		Accident	£173,005 13 10	Reserve for permanent sickness risks	40,169 0 0
		Permanent sickness	7,618 0 11	Total estimated liability in respect of outstanding accident claims	16,265 10 0
			180,623 14 9	Additional reserve for accident risks :—	
		Interest and dividends		Renewable	45,911 0 0
			£10,234 4 0	Annual £35,250 0 0	
			1,780 7 4	Add from 1934	
			8,453 16 8	Surplus 9,439 0 0	
		Transfer from Approved Societies for expenses			44,689 0 0
			728,892 3 11		
					216,236 10 0
					£1,108,567 1 2
			£1,108,567 1 2		

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

<i>£ s. d.</i>		<i>£ s. d.</i>		<i>£ s. d.</i>	
		Amount of employers' liability insurance fund at the beginning of the year :—		Payments under policies, including medical and legal expenses in connection therewith	
		Reserve for unexpired risks	£34,472 0 0	Commission	45,308 12 4
		Total estimated liability in respect of outstanding claims	57,978 5 9	Expenses of management	8,226 11 9
		Additional reserve	39,126 0 0	Transfer to Profit and loss account	34,918 10 2
			131,576 5 9	Amount of employers' liability insurance fund at the end of the year :—	
		Premiums		Reserve for unexpired risks, being 40 per cent. of the premium income for the year	£37,739 0 0
			94,346 1 0	Total estimated liability in respect of outstanding claims	54,746 5 6
		Interest and dividends		Additional reserve brought forward	£39,126 0 0
			£5,598 7 6	Add from 1934 Surplus	3,612 0 0
			973 18 1		
			4,624 9 5		42,738 0 0
					135,223 5 6
			£230,546 18 2		£230,546 18 2

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

<i>£ s. d.</i>		<i>£ s. d.</i>		<i>£ s. d.</i>	
		Amount of employers' liability insurance fund at the beginning of the year :—		Payments under policies, including medical and legal expenses in connection therewith	
		Reserve for unexpired risks	£84 0 0	Commission	273 15 7
		Total estimated liability in respect of outstanding claims	665 0 0	Expenses of management	1 12 4
			749 0 0	Transfer to Profit and loss account	7 0 4
		Premiums		Amount of employers' liability insurance fund at the end of the year :—	
			18 13 8	Reserve for unexpired risks, being 40 per cent. of the premium income for the year	£7 0 0
		Interest and dividends		Total estimated liability in respect of outstanding claims	700 0 0
			£700 0 0		
			121 15 6		
			578 4 6		707 0 0
					£1,345 18 2
			£1,345 18 2		

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REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

Motor Vehicle Insurance Business.

			£	s.	d.				£	s.	d.	
Amount of motor vehicle insurance fund at the beginning of the year:—						Claims under policies paid and outstanding ..						
Reserve for unexpired risks	£189,719	0	0			298,647	10	0				
Additional reserve ..	189,719	0	0			Commission	74,576	3	1			
				379,438	0	0	Expenses of management	120,609	6	8		
Adjustment in exchange				7,744	0	0	Transfer to Profit and loss account	21,652	10	4		
Premiums				524,827	0	7	Amount of motor vehicle insurance fund at the end of the year:—					
Interest and dividends ..	£28,253	10	7				Reserve for unexpired risks, being 40 per cent. of the premium income for the year	£209,931	0	0		
Less income tax ..	4,915	1	1				Additional reserve brought forward, adjusted for exchange	£193,591	0	0		
				23,338	9	6	Add from 1934 surplus ..	16,340	0	0		
								209,931	0	0		
								419,862	0	0		
								£935,347	10	1		
								£935,347	10	1		

Miscellaneous Insurance Business.

			£	s.	d.				£	s.	d.	
Amount of miscellaneous insurance fund at the beginning of the year:—						Claims under policies paid and outstanding ..						
Reserve for unexpired risks	£138,376	0	0			280,907	11	4				
Additional reserve ..	138,501	0	0			Commission	81,085	1	8			
				276,877	0	0	Expenses of management	57,539	16	1		
Adjustment in exchange				17,402	0	0	Amount of miscellaneous insurance fund at the end of the year:—					
Premiums				370,140	2	4	Reserve for unexpired risks, being 40 per cent. of the premium income for the year	£148,056	0	0		
Fees				11,735	18	4	Additional reserve brought forward, adjusted for exchange	£147,202	0	0		
Interest and dividends ..	£18,322	3	4				Add from 1934 surplus ..	1,002	0	0		
Less income tax ..	3,187	7	5					148,204	0	0		
				15,134	15	11		296,260	0	0		
Transfer from Profit and loss account ..				24,502	12	6		£715,792	9	1		
								£715,792	9	1		

Sinking Fund Insurance Business.

			£	s.	d.				£	s.	d.	
Amount of sinking fund insurance fund at the beginning of the year						Claims under policies paid and outstanding ..						
Premiums				1,698,321	0	0	525	0	0			
Interest and dividends ..	£98,255	19	8			Surrenders	124,911	8	0			
Less income tax ..	17,092	15	11			Commission	15,361	18	8			
				81,163	3	9	Expenses of management	7,065	3	8		
Transfer from Profit and loss account				190,000	0	0	Amount of sinking fund insurance fund at the end of the year					
							2,758,971	0	0			
								£2,906,834	10	4		
								£2,906,834	10	4		

Marine Insurance Business.

			£	s.	d.				£	s.	d.	
Amount of marine insurance fund at the beginning of the year						Claims under policies paid and outstanding ..						
Premiums, after deduction of reinsurances, commission, discounts, brokerages and returns ..	84,693	6	0			59,994	14	9				
Interest and dividends ..	£14,205	1	0			Expenses of management	14,716	5	2			
Less income tax ..	2,471	2	11			Income tax	2,480	5	0			
				11,733	18	1	Transfer to Profit and loss account	11,733	18	1		
							Amount of marine insurance fund at the end of the year					
							302,267	5	10			
								£391,192	8	10		
								£391,192	8	10		

COMMON CONTINGENCY FUND ACCOUNT

For the Year ending 31st December, 1934.

		£	s.	d.			£	s.	d.
Amount of Common contingency fund at the beginning of the year		2,428,565	9	3	Amount of Common contingency fund at the end of the year		2,502,291	7	7
Interest and dividends		£81,065	17	4					
Less income tax		7,339	19	0					
		73,725	18	4					
		£2,502,291	7	7			£2,502,291	7	7

SPECIAL CONTINGENCY FUND ACCOUNT

For the Year ending 31st December, 1934.

		£	s.	d.			£	s.	d.
Amount of Special contingency fund at the beginning of the year		3,647,000	10	1	Transfer to Industrial branch Revenue account		600,000	0	0
Interest and dividends		£146,717	18	4	Amount of Special contingency fund at the end of the year		3,457,305	7	3
Less income tax		34,922	1	2					
		111,795	17	2					
Transfer from Ordinary branch Revenue account		13,500	0	0					
Transfer from Industrial branch Revenue account		285,000	0	0					
		£4,057,305	7	3			£4,057,305	7	3

SHARE PREMIUM ACCOUNT

For the Year ending 31st December, 1934.

		£	s.	d.			£	s.	d.
Balance of Premium brought forward at the beginning of the year		626,472	9	1	Expenses relating to extension of business abroad including £75,000 deducted from expenses of management of Ordinary branch		83,054	5	5
Interest and dividends		£24,314	8	3	Balance of Premium at the end of the year		562,102	13	3
Less income tax		5,629	18	8					
		18,684	9	7					
		£645,156	18	8			£645,156	18	8

PROFIT AND LOSS ACCOUNT

For the Year ending 31st December, 1934.

		£	s.	d.			£	s.	d.
Balance from last year's account:—					Dividend to holders of "A" shares in respect of 1933		1,150,000	0	0
Industrial branch		1,125,000	0	0	Dividend to holders of "B" shares in respect of 1933		75,000	0	0
General branch		308,858	8	10	Income tax (General branch)		20,500	0	0
Transfer from Ordinary branch Revenue account		257,006	0	0	Transfer to General branch Revenue accounts:—				
Transfer from Industrial branch Revenue account		867,994	0	0	Miscellaneous insurance		24,502	12	6
Transfer from General branch Revenue accounts:—					Sinking fund insurance		190,000	0	0
Fire insurance		80,779	3	1	Balances carried to:—				
Sickness and accident insurance		40,758	6	2	(a) Ordinary branch Balance Sheet		£257,006	0	0
Employers' liability insurance (British)		6,869	16	5	Industrial branch Balance Sheet		867,994	0	0
Employers' liability insurance (Irish Free State)		356	9	11			1,125,000	0	0
Motor vehicle insurance		21,652	10	4	being allocation of profits for 1934 to holders of "A" shares.				
Marine insurance		11,733	18	1	(b) General branch Balance Sheet, being allocation of profits for 1934:—				
Interest of the General branch not carried to other accounts		£19,192	14	10	to holders of "A" shares		£25,000	0	0
Less income tax		3,338	16	4	to holders of "B" shares		75,000	0	0
							100,000	0	0
		15,853	18	6	and amount carried forward		230,392	18	10
Transfer from General branch Profit on investments account		178,533	0	0			330,392	18	10
					after transferring—				
					£298,500 0 0 to Special contingency fund,				
					allocating—				
					£651,622 8 11 to or on behalf of members of the Company's outdoor staff,				
					£67,620 0 0 to additional reserves, General branch,				
					and reserving for bonus—				
					£2,434,554 0 0 to policyholders, Ordinary branch and				
					£3,909,734 13 6 to policyholders, Industrial branch.				
		£2,915,395	11	4			£2,915,395	11	4

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



Directors' Report
and
Statement of Accounts
at 31st December, 1934

To be presented to the Shareholders at
the Ordinary General Meeting to be held
at Holborn Bars, London, on Thursday,
the 14th day of March, 1935, at 2 o'clock.

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