# The Prudential Assurance Company

LIMITED

(INCORPORATED IN ENGLAND.)

### 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.
SIR GEORGE LEWIS BARSTOW, K.C.B.
SIR LAURENCE NUNNS GUILLEMARD,
G.C.M.G., K.C.B.
GUY PHILIP HARBEN, O.B.E.

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MAJOR WILLIAM GUY HORNE JOHN ROY LANCASTER SIR JOHN HENRY LUSCOMBE 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. S. KELHAM, F.I.A.

Assistant Managers:

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

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

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.I. 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, Giam.
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	Redbill	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
Caernaryon	Glasgow	Lowestoft	Scarborough	Wolverton
Caerphilly	Gloucester	Luton	Seaham Harbour	Worcester
Camborne	Gorton	Macclesfield	Selby	Workington
Cambridge	Gravesend	Maidstone	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.

 ${\bf INDIA:}$  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
Belgium
Brazil
Ceylon
China
Colombia
Cuba
Cyprus
Denmark

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Dutch East Indies
East Africa
Egypt
Finland
France
Germany
Greece
Holland
Irish Free State

Malay Peninsula Norway Palestine

Philippine Islands Poland Portugal

Southern Rhodesia

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## PRUDENTIAL ASSURANCE COMPANY

#### EIGHTY-SIXTH ANNUAL REPORT

LIMITED

Year ending 31st December, 1934

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

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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 reassurance 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 reassurance 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 reassurance 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<sup>M</sup> 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 reassurance 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 have and are deemed to be cash. The valuation rates of interest are in all cases less than the guaranteed rates redited 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 11st 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 the firm figures now available; the income and outgo for 1934 have been omitted. The firm figures for 1934 rill 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.

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This surplus has been allocated as follows:—			£
For bonus to participating policyholders			2,434,554
Transferred to Profit and loss account for	dividend to ho	lders 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 policy Transferred to Profit and loss					3,909,734
		dividend to			867,994
Bonus to members of outdoor sta	aff		• •		651,622
To Special contingency fund					285,000
To be carried forward				٠.	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	,,	21	,,	,,	,,	,,	,,	,,	,,	,,	1865–1869	12
670								hafama	1000			

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	<u> </u>					£18	15	0	per	cent.	
0	years	and	less	than	35	7,1						£20	0	0	٠,,	,,	
35	٠,,	,,	,,	,,	40	1,						£25	0	0	,,	,,	
Ю	"	33	,,	,,	45							£30	0	0		,,	
15	,,	,,	,,	,,	50							£35	0	0	"	,,	
60	,,	,,	,,	,,	55	,,,						£40	0	0	"	,,	
50 55	"	,,	,,	"	60	,,						£50	0	0	,,	,,	
90	,,	"	"	"	65							£60	Ō	0	21	,,	
35	,,	"	,,	,,	70							£65	Õ	0	",	,,	
Ŏ.	"	,,		ards .	• •	•••			• •	• •		£70	ŏ	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 3½ 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	. <i>.</i>	67,620
Transferred to Profit and loss account for income tax		20,500
Transferred to Profit and loss account for dividends to holder	s 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.

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#### REVENUE ACCOUNT OF THE ORDINARY BRANCH

For the Year ending 31st December, 1934, in respect of Life Assurance Business

13,477,047 1,044,688 213,814 511,263	11
13,477,047 1,044,688 213,814	11
- 13,477,047 1,044,688 213,814	11
1,044,688 213,814	11
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£130,871,700	10
f	28,940 399,712 13,500 257,006

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 reassurance 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 a beginning of the year Premiums Interest, dividends and	145,788,219 9 2 20,259,612 5 4	Claims under policies paid and outstanding:  By death	8,666,202 6 5
rents		Surrenders	3,342,341 16 1 2,872,447 0 0
Transfer from Profit on investments ac Transfer from Special contingency fund	350,000 0 0 600,000 0 0	Less transfer from General branch for Approved Societies' expenses	,
		Bonus allocation to members of Company's	1,856,062 9 1
		outdoor staff	651,622 8 11
		Transfer to Profit and loss account Transfer to Special contingency fund Amount of Industrial assurance fund at the	867,994 0 0 285,000 0 0
		end of the year	155,279,685 10 4
	£173,821,355 10 10	£	173,821,355 10 10

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.

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  Adjustment in exchange Premiums Interest and dividends £42,409 9 11 Less income tax 7,377 14 5	760,095 14,780 929,462 35,031	o o o 6	d.   0   0   1	Claims under policies paid and outstanding . 438,441 Commission	7 8 6 1	8
£	<b>1,739</b> ,369	1	7	Additional reserve brought forward, adjusted for ex- change £404,287 0 0  Add from 1934 sur- plus 37,227 0 0  813,279  £1,739,369	0	0

s. d.

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y of single £1,500,000 ce treaties.

s. d.

3,202 6 5 2,341 16 1 2,447 0 0

6,062 9 1

1,622 8 11 7,994 0 0 5,000 0 0

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£ s d.
38,441 7 8
92,649 8 4
12,083 6 10
2,136 15 8
80,779 3 1

813,279 0 0 739,369 1 7

	Sick	ness	and	Acc	iden	it Insurance Business.		
amount of sickness and acciden at the beginning of the year:		fund	£	Ś.	d.	Payments under policies, including medical and legal expenses in connection therewith:—	s.	d
Reserve for unexpired						Accident 53,796	8	5
accident risks	£58,308	0 0			ļ	Permanent sickness 4,444		
Reserve for permanent						Commission		
sickness risks	39,563	0 0				Transfer to Industrial branch for Approved	0	
Total estimated liability in respect of outstanding						Societies' expenses 728,892		
accident claims	15,762	5 10				Transfer to Profit and loss account 40,758	6	
Additional reserve for	10,.02					Amount of sickness and accident insurance fund at		
accident risks :						the end of the year:—		
Renewable	41,714	0 0				Reserve for unexpired		
Annual	35,250	0 0				risks, being 40 per cent.		
			190,59	7 5	10	of the premium income		
remiums :						for the year for accident risks £69,202 0 0		
	£173,005 1					Reserve for permanent		
Permanent sickness	7,618	0 11			_	sickness risks 40,169 0 0		
			180,623	3 14	9	Total estimated liability		
nterest and dividends	£10,234					in respect of outstand- ing accident claims 16,265 10 0		
Less income tax	1,780	7 4	0.45			ing accident claims 16,265 10 0 Additional reserve for		
r			- • -	3 16		accident risks:—		
Fransfer from Approved Societ	les for expe	nses	728,89	2 3	11	Renewable 45,911 0 0 Annual £35,250 0 0 Add from		
						1 9 3 4 Surplus 0 429 0 0		
						Surplus 9,439 0 0		
						216,236	10	
		,	1 100 50			(1.100.50)		
		£	1,108,56	7 1	z	£1,108,567		
Employers' Liz	ibility In	asura	ncc I	Busi.	ness	transacted within the United Kingdom,		
1 ,	•					•		
•		CX	Ciudii	ıg ı	TIG 1	rish Free State.		
			1		d.	£	s.	_
amount of employers' liability	insurance	fund		٠.		Payments under policies, including medical and		•
at the beginning of the year	:~					legal expenses in connection therewith 45,308		
Reserve for unexpired risks	£34,472	0 0				Commission 8,226		
Total estimated liability	-					Expenses of management 34,918 Transfer to Profit and loss account 6,869		
in respect of outstanding						Amount of employers' liability insurance fund	10	
claims	57.978	- 4				at the and of the many		

					s.	d.		£	s.	d.
Amount of employers' liabili at the beginning of the yea		a fur	nd	•			Payments under policies, including medical and legal expenses in connection therewith	45 200	1 10	
		^					Commission	45,308 8,226		
Reserve for unexpired ris		U	U				Expenses of management	34,918		
Total estimated liabilit in respect of outstandin	ığ						Transfer to Profit and loss account Amount of employers' liability insurance fund	6,869		
	57,978	5	9				at the end of the year :-			
Additional reserve .	. 39,126	0	0				Reserve for unexpired			
				131,576	5	9	risks, being 40 per cent.			
Premiums				94,346	1	0	of the premium income for the year £37,739 0 0			
Interest and dividends .	. ₹5,598	7	6				Total estimated liability			
T	. 973						in respect of outstanding			
				4.624	9	5	claims 54,746 5 6			
				•,	-	-	Additional reserve			
							brought			
							forward £39,126 0 0			
							Add from			
							1934 Sur-			
							plus 3,612 0 0 42,738 0 0			
							IN, 100 0	135,223	. 5	(
4				€230,546	16	2		€230,546	16	
					_			~		-

Employers' Liability Insurance	e Bu	sii	ness	transacted within the Irish Free State.
Amount of employers' liability insurance fund at the beginning of the year:  Reserve for unexpired risks	£ s	3	0	Payments under policies, including medical and legal expenses in connection therewith
				$\frac{\text{ing claims}}{\text{max}} \dots \frac{700 \text{ 0 0}}{\text{707 0 0}}$
£1.;	345 1	8	2	£1,345 18 2
				P00021779

#### REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

Mo	tor Vehicle I	nsurance Business.		
Amount of motor vehicle insurance fund at the beginning of the year:  Reserve for unexpired risks	379,438 0 0 7,744 0 0 524,827 0 7	Claims under policies paid and outstanding  Commission	298,647 l 74,576	3 6 10
	£935,347 10 1		£935,347 1	
M	scellaneous In	surance Business.		
	£ s. d.			s.
Amount of miscellaneous insurance fund at the beginning of the year:—  Reserve for unexpired		Claims under policies paid and outstanding	280,907 1 81,085 57,539 1	1
risks £138,376 0 0		end of the year:— Reserve for unexpired		
Additional reserve 138,501 0 0	<b>276</b> .877 0 <b>0</b>	risks, being 40 per cent. of the premium income		
adjustment in exchange	276,877 0 0 17,402 0 0	for the year £148,056 0 0		
Premiums	370,140 2 4	Additional reserve		
Fees	11,735 18 4	brought forward		
Interest and dividends £18,322 3 4		adjusted for ex-		
Less income tax 3,187 7 5		change £147,202 0 0  Add from		
	15,134 15 11	1934 sur- plus 1,002 0 0		
Transfer from Profit and loss account	24,502 12 6	148,204 0 0	296,260	0
	£715,792 9 1		<b>£715,792</b>	9
Sir	king Fund In	surance Business.		
Amount of sinking fund insurance fund at the	£ s. d.	Claims under policies paid and outstanding		s. 0
beginning of the year	1,698,321 0 0 937,350 6 7	Surrenders	124,911	
Interest and dividends £98,255 19 8	001,000 0 1	Commission	15,361 1 7,065	
Less income tax 17,092 15 11	0) 100 0 0	Amount of sinking fund insurance fund at the		
Transfer from Profit and loss account	81,163 3 9 190,000 0 0	end of the year	2,758,971	0
	£2,906,834 10 4	;	(2,906,834 1	10
	Marine Insura	ance Business.		
Amount of marine insurance fund at the	£ s. d.	Claims under policies paid and outstanding	59,994 1	s.
beginning of the year	<b>294,765 4</b> 9	Expenses of management	14,716	5
Premiums, after deduction of reinsurances, commission, discounts, brokerages and returns	84,693 6 0	Income tax	2,480 $11,733$ 1	
Interest and dividends £14,205 1 0  Less income tax 2,471 2 11		Amount of marine insurance fund at the end		
Less income tax 2,471 2 11	11,733 18 1	of the year	302,267	o l
		Ī		
	£391,192 8 10		£391,192	

#### COMMON CONTINGENCY FUND ACCOUNT

For the Year ending 31st December, 1934.

#### SPECIAL CONTINGENCY FUND ACCOUNT

For the Year ending 31st December, 1934.

Amount of Special contingency fund at th	£	s.	d.	Transfer to Industrial branch Revenue account 600,000	s. 0	d. 0
beginning of the year	. 3,647,009 4	10	1	Amount of Special contingency fund at the end of the year	7	3
Less income tax 34,922 1  Transfer from Ordinary branch Revenu	- 111,795	17	2			
account	. 13,500	0	0			
account	. 285,000	0	0			
	€4,057,305	7	3	£4,057,305	7	3

2 0 0 7 10 1

60 0 0

92 9 1

834 10 4

5 s. d. 1,994 14 9 1,716 5 2 1,480 5 0 1,733 18 1

,267 5 10

1,192 8 10

#### SHARE PREMIUM ACCOUNT

For the Year ending 31st December, 1934.

Balance of Premium brought forward at the beginning of the year	£ 626,472	s. 9		Expenses relating to extension of business abroad including £75,000 deducted from	£	s.	d.
Interest and dividends £24.314 8 3	,		•	expenses of management of Ordinary branch	83,054		
Less income tax . 5,629 18 8	18,684	9	7	Balance of Premium at the end of the year	562,102	13	3
	£645,156	18	8		£645,156	18	8

#### PROFIT AND LOSS ACCOUNT

For the Year ending 31st December, 1934.

				331	
slance from lost	£	s.	d.	Dividend to holders of ((A)" have in the state of ((A)") h	đ.
lance from last year's account:— Industrial branch	1,125,000	Λ	0	Dividend to holders of "A" shares in respect of 1933	
C131				Dividend to holders of "B" shares in respect	•
General branch	308,858	8	10	of 1933	(
ansfer from Ordinary branch Reve		_		Income tax (General branch) 20,500 0	(
account	257,006	U	0	Transfer to General branch Revenue accounts:—	
ansfer from Industrial branch Reve				Miscellaneous insurance 24,502 12	•
account	867,994	0	0	Sinking fund insurance 190,000 0	•
ansfer from General branch Revenue accou	nts:			Balances carried to:—	
Fire insurance	80,779	3	1	(a) Ordinary branch Balance Sheet £257,006 0 0	
Sickness and accident insurance	40,758	6	2	Industrial branch Bal-	
Employers' liability insurance (British)	•	16	5	ance Sheet 867,994 0 0	
		-0	9	1,125,000 0	(
Employers' liability insurance (Irish F	356	Ω	11	being allocation of pro-	
				fits for 1934 to holders	
Motor vehicle insurance	21,652			of "A" shares.	
Marine insurance	11,733	18	1	(b) General branch Balance Sheet, being	
terest of the General branch				allocation of profits for 1934:—	
pot carried to other accounts £19,192 14	. 10			to holders of "A" shares £25,000 0 0 to holders of "B" shares 75,000 0 0	
Less income tax 3,338 16	4			to holders of D shares 10,000 0 0	
<u> </u>	15,853	18	6	100,000 0 0	
ensier from General branch Profit on inv		-0	•	and amount carried	
ments account	178,533	0	0	forward 230,392 18 10	
	110,000	J	•	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 Compan	1779
				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
	7,5,510,535			22,010,000 11	

LIABILITIES.	Ordinary Branch.	Industria) Branch.	General Branch.	Common Contingency Fund.	Special Contingency Fund.	Share Premium Account.	Total,
	f. s. d.	£ 5. d.	f, s. d.	£ s, d.	£ s. d.	£ s. d.	£ 1.4.
Authorised capital:—  1,250,000 "A" shares of £1 each £1,250,000  1,000,000 "B" shares of £1 each			·				
Issued capital:— 1,250,000"A"shares of f1 each, fully paid f1,250,000 0 0	_	1,250,000 0 0	_	_	~	<del>-</del> [	1,250,000 0
1,000,000"B"shares of {1 each, 4s.	: 		200,000 0 0		~		200,000 0 0
paid	113,285,641 18 2	155,279,685 10 4	=	_ _ _	~	562,102 13 3 - -	562,102 13 3 113,285,641 18 2 155,279,685 10 4
General branch insurance funds:  Fire insurance fund Sickness and accident insurance fund	<u>-</u>		813,279 0 0 216,236 10 0		=		_
Employers' liability insurance fund (British) Employers' liability insurance fund	_	_	135,223 5 6	_	~	-	- 3
(Irish Free State)	_		707 0 0 419,862 0 0 296,260 0 0		-	_	
Miscellancous insurance fund Sinking fund insurance fund Marine insurance fund	 		2,758,971 0 0 302,267 5 10			_	4,942,806 1 4
Total	2,500,000 0 0	2,500,000 0 0	=	2,502,291 7 7		-	5,000,000 0 0 2,502,291 7 7
Common contingency fund Special contingency fund Claims admitted or intimated but not	_	_	_	<u> </u>	3,457,305 7 3		3,457,305 7 34
paid:— Life assurance Fire insurance	454,793 5 8 —	125,344 0 0	192,133 10 0 221,613 0 0	=	=	-   	580,137 5 6 192,133 10 6 221,613 0 0
Motor vehicle insurance  Miscellaneous insurance  Annuities due and unpaid	6,395 3 3	=	161,392 <b>0</b> 0	=	=	_	161,392 0 0 6,395 3 3 227,862 13 8
Outstanding commission and expenses Premiums received in advance Due to other companies on reinsurance account:—	112,862 13 8 15,348 11 10	100,000 0 0	15,000 0 0		~		15,348 11 10
General branch:— Fire insurance	=	_	91,815 13 1 455 12 3	=	=	_	_
Motor vehicle insurance Miscellaneous insurance			120 0 0 2,155 9 0	<del>-</del>	=	_	
Marine insurance  Total  Deposit as security for return of invest-	<u>-</u> -	_	4,018 19 9		-		98,565 14 1
ments lent	17,970 0 0 1,592 1 2 153,858 3 11	85,906 3 4	649 16 0 14,256 11 1 39,239 19 8	3,600 0 0	2,700 0 0	3,150 0 0 2,999 6 6	282,003 13 5
Deposit by subsidiary company  Loans on policies within their surrender values, due to reinsuring companies	- 105,150 0 0	100 0 0	_	_	_	_	100 0 0
Bonus allocation to members of Company's outdoor staff (651,622 8 11							
Add balance brought torward 2,051 19 9		653,674 8 8	_	_	_	_	653,674 8 \$
Unclaimed dividends		792 19 8			~	-   -	819 7 <b>1</b> 1,455,392 18 <b>10</b>
Note:  (a) Instalments not due until after 31st December, 1934, on investments held, [404,669 2s. 0d. (c) Uncalled capital on investments held, (2,500,544 12s. 10J. (c) Contingent liability on Shares, £804,039 18s. 5J. (d) Contingent liability in respect of forward exchange transactions £161,306 18s. 0d.	201,000						
	£116,910,617 17 8	£160,863,497 2 0	£6,216,075 18 6	€2,505,891 7 7	£3,460,005 7 3	£568,251 19 8	(290,524,339 12 \$

"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 132 (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, 1934, and we certify that in our belief the Assets set forth in the Balance Steet, are, in the aggregate, in excess of the value stated therein.

The gross amount of the Directors' remuneration for the year was £36,138 &s. 04.

All Revenue account transactions in Dominion or foreign currencies have been brought into the accounts at the rates of exchange rubing on the 31st December, 1934, with the exception of foreign reassurance business brought in at rates ruling on the 30th December, 1933, and of interest received or paid at or by the Company's chief office brought in at rates rubing on the dates of transactions. The "Adjustment in exchange" item appearing in contains there accounts does not represent profit of the corresponding liabilities and (b) reserve and contingency funds.

Specific deposits of Life Assurance assets, Oxidiary branch have been made with the following Governments under local laws as security to holders of policies issued:

Specific deposits of Life Assurance assets, Oxidiary branch have been made with the following Governments under local laws as security to holders of policies issued:

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Specific deposits of Life Assurance assets, Oxidiary branch have been made with the following Governments under local laws as security to holders of poli

EDGAR HORNE, Chairman.

ASSETS.	Ordinary Branch.	Industrial Branch.	Branch.	Contingency Fund.	Fund.	Account.	
Mortgages on property within the United	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
State	8,456,486 9 0	3,439,437 11 2	11,650 0 0	~-	_	-	11,907,574 0 2
Free State	21,733 13 9		_		_	_	21,733 13 9
Mortgages on property out of the United	2,730,377 15 8	2,362,349 5 10	_	~		_ ]	5,092,727 1 6
the United Kingdom		163,500 0 0	_	~-		_	163,500 0 0
loans without specific security out of the United Kingdom	575,168 18 1	305,000 0 0	_ '	·-	_	_	880,168 18 1
nans on parochial and other public	1,588,823 9 3	7,046,719 19 8		~-	_		8, <b>6</b> 35,5 <b>4</b> 3 8 11
rates	24,124 12 8				_		24,124 12 8 1,454 14 8
cons on Stocks and shares	1,454 14 8 3,575,770 17 8	6,060,617 16 1	520,000 0 0	100,000 0 0	_	] = ]	10,256,388 13 9
Loans on Company's policies within their mrender values	6,593,059 4 5		23,600 0 0		_	i – l	6,616,659 4 5
and on Personal Security	_		· —	_	_	- 1	-
Loans to Educational Institutions	1,653 12 0		_		} =	! _	1,653 12 0 1,056,139 1 4
Loans to subsidiary companies	520,547 17 11	535,591 3 5	}	}		] ]	1,000,100 1 4
Deposits with the High Court:-	16,043 19 11	_	_		_	] _ ]	16,043 19 11
120,000 81% War Stock		19,956 16 8	19,000 0 0	<u></u>	_		19,956 16 8 19,000 0 0
(22,000 3% Local Loans Stock	_	~	22,000 0 0	_		- 1	22,000 0 0
Deposits with the Supreme Court of fudicature in Irish Free State:		}	}	}			
£20,000 31 % War Stock	19,956 16 8		20.000 0 0	_	_		19,956 16 8 20,000 0 0
British Government securities	30,399,170 3 4	43,908,667 0 0	1,160,810 1 0	1,867,439 6 8	2,694,455 3 1	541,008 3 0	80,571,549 17 1
Securities guaranteed by British Government under Trade Facilities		4003 #50 5 0	#0 P05 10 A	07.050 0 0	10.054 0 0		6,307,350 15 3
Acts Debentures guaranteed by British	1,985,700 0 0	4,221,753 5 3	59,787 10 0	27,856 0 0	12,254 0 0	- 1	0,001,000 10 0
Government under Trade Facilities Acts, in subsidiary companies	_	400,000 0 0	_	~	_	l – l	400,000 0 0
Bank of England stock Municipal and county securities,	350,000 0 0		_	-	_	-	350,000 0 0
United Kingdom	3,628,880 11 8	6,506,502 16 9	302,121 6 0	72,514 13 1	67,789 10 0		10,577,808 17 6
securities	4,502,129 3 I	5,381,727 3 4	458,168 1 5	145,794 10 10	330,580 8 8		10,818,399 7 4
securities	263,262 9 0	313,946 12 6	50,000 0 0	-	163,437 5 10		790,646 7 4
Indian and Colonial municipal securities	1,599,011 19 7	1,294,167 4 11	8,214 0 0		19,366 5 0	4,250 10 0	2,925,009 19 6
Foreign Government securities	4,120,709 3 7 259,807 4 7	4,235,412 9 0 433,772 5 2	436,443 10 10 28,492 13 2		_	=	8,792,565 3 5 722,072 2 11
Foreign municipal securities	861,783 8 0	753,592 17 11	96,939 11 1	_	_	-	1,712,315 17 0
debenture stocks and gold and	16,768,897 6 9	25,594,736 6 5	853,369 13 6	25,000 0 0	143,505 3 9	_	43,385,508 10 5
sterling bonds—Home and Foreign Railway and other preference and			· ·	23,000 0 0	110,500 0	ļ <u> </u>	22,445,477 7 2
guaranteed stocks and shares Preference shares in subsidiary com-	9,342,686 0 8	12,767,815 1 2	334,976 5 4	_		-	<b>!</b>
Railway and other ordinary stocks	70,698 0 0	64,994 7 0		_	_		135,692 7 0
ordinary shares in subsidiary com-	11,983,150 7 3	15,070,078 9 7	109,508 14 6	<u> </u>	_	] -	27,162,737 11 4
Panies	598,414 9 7 100,429 19 11	494,296 16 10	582,272 5 3	<u> </u>			1,674,983 11 8 100,429 19 11
Freehold ground rents and Scotch feu	100,120 10 11	4,969,285 9 11	_	_	_		4,969,285 9 11
Leasehold ground rents	_	3,881 12 9			_	- 1	3,881 12 9
House property: Office premises	_	3,302,931 11 10	_		-	! – !	3,302,931 11 10
Properties within the United King-	_	7,743,826 16 7	_	_	, –	] _	7,743,826 16 7
Properties out of the United King-	290,139 15 3	48,098 9 3	_	_	_	_	338,238 4 6
Properties in course of construction	181,128 7 8			_			181,128 7 8 35,429 4 1
Life interests	35,429 4 1 101,857 17 3		}	- 			101,857 17 3
Agents' balances	75,645 7 3 518,382 0 0	545,718 1 5	237,626 2 3 59,318 5 2			-	313,271 9 6 1,123,418 6 7
Outstanding interest, dividends and		·	00,020		_		554,064 15 10
laterest, dividends and rents accrued	325,522 11 0	228,542 4 10	_	_			1,041,556 13 8
but not payable amounts retained abroad by ceding com-	402,717 6 3	638,839 7 5	_	_			1,021,000 10
panies under reassurance treaties (see Directors' report)	2,930,767 4 2	~	-	<del>-</del>	_	} -	2,930,767 4 2
coding companies under reinsurance						}	
treaties and sums due on reinsurance	_	_	432,394 3 3	_	_	_ ]	432,394 3 3
Sundry debtors Mills receivable	5,107 13 9 65,000 0 0	169,594 3 9 82,625 0 0	_	_		_	174,701 17 6 147,625 0 0
Marine stamps		-	309 0 7	_	_	- 1	309 0 7
On deposit:-		}	1		}	}	040.000 0 0
In the United Kingdom Abroad	400,000 0 0 61,552 I3 5	440,000 0 0 2,888 2 7	5 <b>4,2</b> 78 17 9	_		_	840,000 0 0 118,719 13 9
in hand and on current account:— In the United Kingdom	335,899 14 3	1,248,955 14 1	284,933 7 11	267,286 17 0	28,617 10 11	22,993 6 9	2,188,686 10 11
Abroad	221,535 14 8	63,674 18 11	49,862 9 6				335,073 3 1
2. 2.	£116,910,617 17 8	(160,863,497 2 0	£6,216,075 18 6	£2,505,891 7 7	£3,460,005 7 3	£568,251 19 9	£290,524,339 12 9
	1	1	<u></u>	!	<u></u>	<u> </u>	<u> </u>

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.

A, T. COLE, H. R. GRAY, Auditors. P00021782 year ended certificates out in the

We have examined the receipts and payments relating to the capital transactions in respect of the mortgages, lost December, 1934. We have also examined the deeds, stock and share certificates and bonds in possession of the Co. Bankers or other Depositaries the securities and cash in their custody, which together represent the mortgages, loan, above Balance Sheet as on the 31st December, 1934.

P00021783

## PRUDENTIAL ASSURANCE COMPANY

LIMITED

(INCORPORATED IN ENGLAND.)

HOLBORN BARS, LONDON, E.C.1.



# Directors' Report 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.

TO IN MACH 1500 TO PER 1800