

The  
Prudential Assurance Company

LIMITED

(INCORPORATED IN ENGLAND.)

EIGHTY-SEVENTH  
ANNUAL REPORT

Year ending 31st December, 1935



*Directors :*

SIR EDGAR HORNE, BART., *Chairman*

FREDERICK SCHOOLING, F.I.A.,  
SIR GEORGE LEWIS BARSTOW, K.C.B., } *Deputy-Chairmen*

ARTHUR RHYS BARRAND, F.I.A.

ERNEST DEWEY

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

GUY PHILIP HARBEN, O.B.E.

MAJOR WILLIAM GUY HORNE

JOHN ROY LANCASTER

SIR JOHN HENRY LUSCOMBE

HERBERT HARVEY MOSELEY,  
M.A., B.C.L.

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.

*Joint Actuaries :*

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

*Assistant Managers :*

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

H. S. LANE, M.C.

F. D. McMILLAN

F. W. MORGAN, M.C.

H. H. REDMAN

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 :**

Chief Office : **HOLBORN BARS, LONDON, E.C. 1.**

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

332-336, 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	Chefmsford	Halifax	Middlesbrough	Southport
Altrincham	Cheikenham	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	Croydon	Huddersfield	Norwich	Swansea
Bathgate	Darlington	Hull	Nottingham	Swindon
Batley	Derby	Inverness	Oldham	Tamworth
Bedford	Dewsbury	Ipswich	Oswestry	Taunton
Belfast	Doncaster	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, BURMA, CEYLON AND MALAYA :** Clive Buildings, Calcutta.

**NEAR EAST :** 14, Sharia Soliman Pasha, Cairo.

**POLAND :** Prudential House, Plac Napoleona 9, Warsaw.

**SOUTH AFRICA, EAST AFRICA AND RHODESIA :** Prudential Assurance Building, 90 & 92, Fox Street, Johannesburg.

In addition the Company has Branch Offices or Agencies in the following countries:—

Argentina	Finland	Palestine
Australia	France	Philippine Islands
Belgium	Germany	Poland
Brazil	Greece	Portugal
Canada	Holland	Siam
Ceylon	India	South Africa
China	Irish Free State	Southern Rhodesia
Colombia	Japan	Sudan
Cuba	Kenya	Sweden
Cyprus	Malay Peninsula	Tanganyika
Denmark	Newfoundland	Trinidad
Dutch East Indies	New Zealand	Uganda
Egypt	Norway	U.S.A.

**THE  
PRUDENTIAL ASSURANCE COMPANY  
LIMITED**

**EIGHTY-SEVENTH ANNUAL REPORT**

Year ending 31st December, 1935

**T**HE DIRECTORS have the honour to submit their Report and Accounts for 1935.

The **Assets** of the Company amount to **£302,303,253** as compared with **£290,524,340** a year ago, *i.e.*, an increase of **£11,778,913**.

The **Income** from all sources during 1935 was **£52,998,753** as compared with **£50,858,348** in 1934, *i.e.*, an increase of **£2,140,405**.

The **Surplus** from the **Life Business** is **£9,722,355**, including the sum of **£1,608,808** brought forward, and, subject to the passing of the resolution to be submitted to the Extraordinary General Meeting on 12th March, 1936, has been allocated as follows:—

	£
For bonuses to the Ordinary Branch and Industrial Branch participating policyholders	6,480,650
Transferred to Profit and loss account for dividend to the holders of A shares .. .. .	1,140,625
Bonus to members of outdoor staff .. .. .	661,802
Transferred to Special contingency fund .. .. .	302,900
To be carried forward .. .. .	1,136,378

**ORDINARY BRANCH.**

The number of life assurance policies issued during the year was **106,327**, assuring the sum of **£28,744,687**, and producing an annual premium income of **£1,471,977**. The total premiums received were **£12,703,944**.

The number of life assurance policies in force on 31st December, 1935, was **989,795**, assuring with bonus **£232,895,994** and producing an annual premium income of **£11,838,881**.

The immediate annuities payable were **10,691** in number, and amounted to **£787,781** per annum. In addition there were **13,599** deferred and contingent annuities, securing **£438,460** per annum and producing an annual premium income of **£135,695**.

The total claims for the year amounted to **£15,080,371**. There were **10,187** death claims for sums assured, including bonuses, of **£2,523,524** and **71,555** matured endowment assurances for sums assured, including bonuses, of **£12,556,847**.

The assurances, with the exceptions noted hereunder, have been valued by the British Offices' O<sup>M</sup> table of mortality; the whole of the loading has been reserved for future expenses and profit. The sum of **£130,299** has been transferred from Profit on investments account to meet the additional cost entailed by the payment of claims under War Stock and Victory Bond policies above par. The immediate annuities have been valued by the *a(f)* and *a(m)* Ultimate tables of mortality and all other annuities by the British Offices' Life Annuity Tables, 1893. The rate of interest assumed in the valuation was 3 per cent.

A section of the foreign re-assurance business is written on the continental plan under which the assets are retained abroad by the respective ceding companies in accordance with continental laws. A portion of the business ceded by the Lebensversicherungs-Gesellschaft Phönix of Vienna has, at its request, been re-transferred to that Company as from the 1st January, 1934. In view of the special character of this class of business, the figures in respect of it are this year excluded from the Revenue Account of the Ordinary Branch and from the above statement of New Business, Sums Assured In Force, and Claims Paid. Details of the Income and Outgo are now shown in a separate Revenue Account, in respect of the year preceding that to which the Company's main accounts relate. The new sums re-assured for 1934 amounted to **£1,211,965**, producing an annual premium income of **£59,026**. The total sums re-assured as at 31st December, 1934, amounted to **£9,607,513**, producing an annual premium income of **£378,239**. The claims for 1934 amounted to **£127,487**. The liabilities have been calculated according to the Austrian 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 as at the end of the year to which the separate Revenue Account relates and have been certified as correct by the actuaries of the ceding companies. The assets corresponding to these liabilities 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, an amount sufficient to bring them up to that standard has been reserved in addition, is held in the United Kingdom, and is included in the life assurance fund in the main revenue account.

The surplus is **£3,347,451**, including the sum of **£622,199** brought forward from last year, and has been allocated as follows:—

	£
For bonus to participating policyholders .. .. .	2,509,838
Transferred to Profit and loss account for dividend to holders of A shares .. .. .	264,971
Transferred to Special contingency fund .. .. .	13,900
To be carried forward .. .. .	558,742

The Directors have declared that in respect of all participating policies issued out of the Ordinary Branch, including those issued by Overseas Branches, which were in force on 31st December, 1935, there shall be added to the original participating sum assured a reversionary bonus at the following rates:—

- (1) **£2 6s.** per cent. for Whole Life Assurances.
- (2) **£2** per cent. for Endowment Assurances.

## INDUSTRIAL BRANCH.

The number of policies issued during the year was **2,175,212** assuring a sum of **£56,515,495**. The premiums received during the year were **£20,690,825**, being an increase of **£431,213** over those for 1934.

The number of policies becoming free policies during the year was **443,505**. The number of free policies which became claims was **364,266**.

The total number of policies in force at the end of the year including **4,501,813** free policies was **27,204,117**, under which the maximum sum assured together with declared bonus was **£546,727,432**, producing an annual premium income of **£21,420,792**. The average duration of the whole life premium paying policies in force exceeds 18 years.

The sum of **£11,079,685** under **1,240,933** 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 **61,009**.

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 and in addition the reserves have been strengthened by a sum of **£1,200,000**.

The surplus is **£6,374,904**, including the sum of **£986,609** brought forward from last year, and has been allocated as follows:—

	£
For bonus to participating policyholders .. .. .	3,970,812
Transferred to Profit and loss account for dividend to holders of A shares .. .. .	875,654
Bonus to members of outdoor staff .. .. .	661,802
Transferred to Special contingency fund .. .. .	289,000
To be carried forward .. .. .	577,636

Since the initiation of the profit sharing scheme, the total cash amount which has been allotted for provision of bonuses to the Industrial Branch policyholders is **£43,326,998**.

The important changes in the organization of the work of the Industrial Branch (at Chief Office, the District Offices, 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 1935 was reduced to **23.00** per cent.

The Directors have declared 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, 1935, there shall be added to the original sum assured a reversionary bonus at the following rate:—

**£1 12s. per cent.**

- (1) in respect of policies issued before 1935.
- (2) in respect of policies issued in 1935 on completion of payment of one year's premiums.

In the Irish Free State the surplus is proportionately less than that arising from the business as a whole and this necessitates a variation in the bonus. The Directors have declared that in respect 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, 1935, there shall be added to the original sum assured a reversionary bonus at the following rate:—

**£1 10s. per cent.**

- (1) in respect of policies issued before 1935.
- (2) in respect of policies issued in 1935 on completion of payment of one year's premiums.

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 12th March, 1936, and which are entitled to participate under the Bonus Distribution Scheme, becoming claims by death or maturity of endowment between 13th March, 1936, and 11th March, 1937, 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 35 years .. .. .	£20 5 0 per cent.
35 years and less than 40 years .. .. .	£25 0 0 .. .. .
40 " " " " 45 " " " " .. .. .	£30 0 0 .. .. .
45 " " " " 50 " " " " .. .. .	£35 0 0 .. .. .
50 " " " " 55 " " " " .. .. .	£40 0 0 .. .. .
55 " " " " 60 " " " " .. .. .	£50 0 0 .. .. .
60 " " " " 65 " " " " .. .. .	£60 0 0 .. .. .
65 " " " " 70 " " " " .. .. .	£65 0 0 .. .. .
70 " " " upwards .. .. .	£70 0 0 .. .. .

## GENERAL BRANCH.

The premiums received during the year, after deduction of the reinsurances, were £3,004,559, being an increase of £104,818 in sections other than Sinking Fund, and a decrease of £221,721 in the Sinking Fund Section as compared with those for 1934. 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 £11,150,863 as compared with £10,520,362 in 1934, *i.e.*, an increase of £630,501.

The Sinking Fund policies have been valued by a gross premium method with an allowance for expenses. The rate of interest assumed was 3 per cent. or the rate of interest employed in the calculation of the premiums, if less than 3 per cent.

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 exceeded £50,000,000.

The surplus is £468,753, including the sum of £230,393 brought forward from last year, and has been allocated as follows:—

	£
To the strengthening of reserves .. .. .	87,630
Transferred to Profit and loss account for income tax .. ..	20,000
Transferred to Profit and loss account for dividends to holders of A shares and B shares .. .. .	116,667
To be carried forward .. .. .	244,456

The valuation of the contracts in all branches has been made by Mr. C. C. H. Drake, F.I.A., and Mr. C. S. Kelham, F.I.A.

The Directors have declared in respect of the profits of the year 1935 a final dividend on the A shares at the rate of 13s. 8½d. per share. This dividend, together with the interim dividend of 5s. per share paid in September, 1935, makes a total of 18s. 8½d. per A share for the year. The shareholders' profits from the Ordinary Branch together with their profits from the Industrial Branch, provide 18s. 3d. of this dividend (of which 5s. has already been paid) and the remaining 5½d. 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. 9d. per share. The dividends now declared on both the A and the B shares are payable free of income tax to the shareholders who are on the register on 12th March, 1936.

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

MR. HENRY ROGERS GRAY and MAJOR AUBREY DU PLAT THOROLD COLE 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.*

HOLBORN BARS,

27th February, 1936.









## COMMON CONTINGENCY FUND ACCOUNT

for the Year ending 31st December, 1935.

	£	s.	d.		£	s.	d.
Amount of Common contingency fund at the beginning of the year .. .. .	2,502,291	7	7	Amount of Common contingency fund at the end of the year .. .. .	2,579,597	0	2
Interest and dividends .. .. .	£81,960	5	6				
Less income tax .. .. .	4,654	12	11				
	77,305	12	7				
	<u>£2,579,597</u>	<u>0</u>	<u>2</u>		<u>£2,579,597</u>	<u>0</u>	<u>2</u>

## SPECIAL CONTINGENCY FUND ACCOUNT

for the Year ending 31st December, 1935.

	£	s.	d.		£	s.	d.
Amount of Special contingency fund at the beginning of the year .. .. .	3,457,305	7	3	Amount of Special contingency fund at the end of the year .. .. .	3,872,371	2	4
Interest and dividends .. .. .	£150,947	17	7				
Less income tax .. .. .	38,782	2	6				
	112,165	15	1				
Transfer from Ordinary branch Revenue account .. .. .	13,900	0	0				
Transfer from Industrial branch Revenue account .. .. .	289,000	0	0				
	<u>£3,872,371</u>	<u>2</u>	<u>4</u>		<u>£3,872,371</u>	<u>2</u>	<u>4</u>

## SHARE PREMIUM ACCOUNT

for the Year ending 31st December, 1935.

	£	s.	d.		£	s.	d.
Balance of Premium brought forward at the beginning of the year .. .. .	562,102	13	3	Expenses relating to extension of business abroad (including £65,000 deducted from expenses of management of Ordinary branch) less amounts refunded .. .. .	41,308	4	8
Interest and dividends .. .. .	£20,892	7	1	Balance of Premium at the end of the year .. .. .	534,794	7	4
Less income tax .. .. .	6,892	8	4				
	13,999	18	9				
	<u>£576,102</u>	<u>12</u>	<u>0</u>		<u>£576,102</u>	<u>12</u>	<u>0</u>

## PROFIT AND LOSS ACCOUNT

for the Year ending 31st December, 1935.

	£	s.	d.		£	s.	d.
Balance from last year's account:—				Dividend to holders of A shares in respect of 1934 .. .. .	1,150,000	0	0
Ordinary branch .. .. .	257,006	0	0	Dividend to holders of B shares in respect of 1934 .. .. .	75,000	0	0
Industrial branch .. .. .	867,994	0	0	Interim dividend to holders of A shares in respect of 1935 .. .. .	312,500	0	0
General branch .. .. .	330,392	18	10	Income tax (General branch) .. .. .	20,000	0	0
Transfer from Ordinary branch Revenue account .. .. .	264,971	0	0	Transfer to General branch Revenue accounts:—			
Transfer from Industrial branch Revenue account .. .. .	875,654	0	0	Employers' liability insurance (United Kingdom and Irish Free State) .. .. .	5,823	15	8
Transfer from General branch Revenue accounts:—				Sinking fund insurance .. .. .	28,157	6	3
Fire insurance .. .. .	69,377	18	5	Balances carried to:—			
Sickness and accident insurance .. .. .	60,691	4	5	(a) Ordinary branch Balance Sheet .. .. .	£192,376	0	0
Miscellaneous insurance .. .. .	22,470	8	6	Industrial branch Balance Sheet .. .. .	635,749	0	0
Motor vehicle insurance .. .. .	7,214	2	5		828,125	0	0
Marine insurance .. .. .	10,346	4	7	being allocation of profits for 1935 to holders of A shares,			
Interest of the General branch not carried to other accounts .. .. .	£17,615	10	3	(b) General branch Balance Sheet, being allocation of profits for 1935:—			
Less income tax .. .. .	3,004	11	8	to holders of A shares .. .. .	£29,166	13	4
	14,610	18	7	to holders of B shares .. .. .	87,500	0	0
					116,666	13	4
				and amount carried forward .. .. .	244,456	0	6
	<u>£2,780,728</u>	<u>15</u>	<u>9</u>		361,122	13	10
				after transferring—			
				£302,900 0 0 to Special contingency fund,			
				allocating—			
				£661,801 18 6 to or on behalf of members of the Company's outdoor staff,			
				£87,630 0 0 to additional reserves, General branch,			
				and reserving for bonus—			
				£2,509,838 0 0 to policyholders, Ordinary branch, and			
				£3,970,811 11 0 to policyholders, Industrial branch.			
					<u>£2,780,728</u>	<u>15</u>	<u>9</u>

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	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						1,250,000
1,000,000 B shares							
of £1 each .. .. .		1,000,000					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
1,000,000 B shares							
of £1 each, 4s. paid .. .. .			200,000	0 0			200,000 0 0
Share premium account .. .. .						534,794 7 4	534,794 7 4
Ordinary branch assurance funds:—							
Life assurance fund .. .. .	111,555 486 2 6						111,555 486 2 6
Foreign life reinsurance fund .. .. .	2,079 685 15 2						2,079 685 15 2
Total .. .. .							113,635 151 17 8
General branch insurance funds:—							
Fire insurance fund .. .. .		165,548 437 18 9					165,548 437 18 9
Sickness and accident insurance fund .. .. .			849 824 0 0				849 824 0 0
Employers' liability insurance fund (United Kingdom and Irish Free State) .. .. .			226 645 10 0				226 645 10 0
Motor vehicle insurance fund .. .. .			159 177 1 5				159 177 1 5
Miscellaneous insurance fund .. .. .			487 418 0 0				487 418 0 0
Sinking fund insurance fund .. .. .			306 580 0 0				306 580 0 0
Marine insurance fund .. .. .			3,329 316 0 0				3,329 316 0 0
Total .. .. .			309 872 15 2				309 872 15 2
Investments reserve funds .. .. .							
Common contingency fund .. .. .	2,500 000 0 0	2,500 000 0 0		2,579 597 0 2	3,872 371 2 4		5,000 000 0 2
Special contingency fund .. .. .							3,872 371 2 4
Claims admitted or intimated but not paid:—							
Life assurance .. .. .	629 610 4 2	126 464 3 11					756 074 8 1
Fire insurance .. .. .			199 000 0 0				199 000 0 0
Motor vehicle insurance .. .. .			284 810 0 0				284 810 0 0
Miscellaneous insurance .. .. .			161 783 0 0				161 783 0 0
Annuities due and unpaid .. .. .	6 668 9 7						6 668 9 7
Outstanding commission and expenses .. .. .	109 791 11 10	100 000 0 0					209 791 11 10
Premiums received in advance .. .. .	15 024 14 8						15 024 14 8
Due to other companies on reinsurance account:—							
Life assurance .. .. .							
General branch:—							
Sickness and accident insurance .. .. .	5 876 18 8						5 876 18 8
Motor vehicle insurance .. .. .			88 933 4 8				88 933 4 8
Miscellaneous insurance .. .. .			343 5 5				343 5 5
Marine insurance .. .. .			71 2 0				71 2 0
Total .. .. .			1 816 7 7				1 816 7 7
Reserve for income tax .. .. .			7 154 12 10				7 154 12 10
Deposit as security for return of investments lent .. .. .	14 901 0 0	4 000 0 0					18 901 0 0
Reserve for income tax .. .. .	62 19 3		27 459 7 1	2 300 0 0	6 587 2 0	4 168 2 6	41 867 10 10
Amounts due to subsidiary companies .. .. .	42 705 1 2		534 3 3				577 038 4 5
Sumdry creditors .. .. .			100 0 0				100 0 0
Deposit by subsidiary company .. .. .							
Loans on policies within their surrender values, due to re-assuring companies .. .. .	85 280 0 0						85 280 0 0
Bonus allocation to members of Company's outdoor staff .. .. .							
Members of Company's outdoor staff .. .. .							
Debit payments made in advance .. .. .	3 383 7 2						3 383 7 2
Unclaimed dividends .. .. .							
Balance standing to credit of Profit and loss account .. .. .	192 376 0 0	658 468 11 4	121 15 0				771 955 11 4
		635 749 0 0	361 122 13 10				1 199 247 13 10
	£117,287,488 17 0	£170,823,875 12 3	£7,284,524 8 8	£2,583,197 0 2	£3,872,958 4 4	£545,268 13 0	£302,303,252 15 5

Notes:—  
 (a) Instalments not due until after 31st December, 1926, on investments held, £304,796 13s. 2d.  
 (b) Unclaimed capital on investments held, £2,268,710 11s. 6d.  
 (c) Contingent liability on shares, £908,643 10s. 0d.  
 (d) Investments bought for settlement after 31st December, 1935, £928,993 18s. 11d.

A Share.—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, 1913.  
 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 aggregate values of the Stock Exchange securities in each Branch taken at the middle market prices as at 31st December, 1935, exceeded the book values stated above. We certify that in our belief the assets set forth in the Balance Sheet are, in the aggregate, fully of the value stated therein.  
 Life, casualty and sinking fund revenue account transactions in dominion or foreign currencies have been brought in at the rates of exchange ruling on the dates of the year of account, with the exception of interest in receipt "item appearing in certain revenue accounts does not represent profit or loss due to exchange in respect of the transactions. The "adjustment in exchange" item appearing in the various insurance funds brought forward at the beginning of the year. Fire and marine revenue account transactions in dominion or foreign currencies have been brought in at rates of exchange approximating to those current at the dates of the respective transactions. Future variations in the rates of exchange are covered by (a) currency assets maintained so far as possible to the extent of the corresponding liabilities and (b) reserve and contingency funds.  
 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:—  
 Australia .. .. . £50,000  
 Canada .. .. . £300,000 3/4% Conversion Loan.  
 New Zealand .. .. . £50,000 3/4% Conversion Loan.  
 Palestine .. .. . £1,000 3/4% Conversion Loan.  
 South Africa .. .. . £11,000 Cape of Good Hope 4% Consolidated Stock, 1919/30.  
 Southern Rhodesia .. .. . £5,000 3/4% Conversion Loan.  
 Tasmania .. .. . £5,000 Australia 3/4% Inscribed Stock 1943.  
 Victoria .. .. . £5,000 Australia 3/4% Inscribed Stock 1943.  
 Poland .. .. . £67,800 Poznan 7% Loan 1928.  
 Poland .. .. . £10,000 National Economic Bank of Poland 7% Gold Mortgage Bonds  
 Poland .. .. . £10,000 National Economic Bank of Poland 7% Gold Mortgage Bonds

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, casualty and marine insurance business.  
 Certain stocks have been deposited with the Company as security for return of investments lent.  
 To part of any fund has been applied directly or indirectly for any purpose other than those of the class of business to which the fund is applicable.  
 The profits or losses shown in the accounts of subsidiary companies made up to a date within the year ended 31st December, 1935, or in the last previous 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 received.  
 Losses of the companies (one of whose accounting years ended 31st December, 1935), amounting to £14,682 0s. 8d. have been carried forward in their respective accounts, a subsidiary company (whose accounting year ended 31st December, 1935), amounting to £4,480 8s. 6d. has been provided from reserves in the accounts of The Prudential Assurance Company Limited. No further provision has been made.

J. BURN, General Manager.

EDGAR HORNE, Chairman.

C. C. H. DRAKE, } Joint  
 C. S. KEILIAN, } Attorneys.

P. C. CRUMP, } Joint  
 E. H. LEVER, } Secretaries.

F. SCHOOLING, }  
 GEORGE L. BARSTOW, } Directors.  
 E. DEWEY, }

P00021856

0779-010

on the 31st December, 1935.

s. d.	ASSETS.		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.	£	s. d.
	Mortgages on property within the United Kingdom .. .. .															
	7,836,304	8 2	2,898,364	18 1	—	—	—	—	—	—	—	—	—	—	10,734,669	6 3
	Mortgages on property within the Irish Free State .. .. .															
	18,363	9 11	—	—	—	—	—	—	—	—	—	—	—	—	18,363	9 11
	Mortgages on property out of the United Kingdom .. .. .															
	2,980,649	18 6	2,723,001	19 5	—	—	—	—	—	—	—	—	—	5,703,651	17 11	
	Loans without specific security out of the United Kingdom .. .. .															
	603,772	4 1	300,000	0 0	—	—	—	—	—	—	—	—	—	903,772	4 1	
	Loans on parochial and other public rates .. .. .															
	1,476,066	6 0	6,996,352	0 3	—	—	—	—	—	—	—	—	—	8,472,418	6 3	
0 0	Loans on Life interests .. .. .															
	24,073	8 2	—	—	—	—	—	—	—	—	—	—	—	24,073	8 2	
	Loans on Reversions .. .. .															
	1,454	14 8	—	—	—	—	—	—	—	—	—	—	—	1,454	14 8	
	Loans on Stocks and shares .. .. .															
	4,638,723	16 7	6,866,010	8 2	270,000	0 0	100,000	0 0	—	—	—	—	—	11,874,740	4 9	
0 0	Loans on Company's policies within their surrender values .. .. .															
7 4	5,890,673	2 8	—	—	22,350	0 0	—	—	—	—	—	—	—	5,913,023	2 8	
	Loans to Educational institutions secured on income .. .. .															
	928	7 4	—	—	—	—	—	—	—	—	—	—	—	928	7 4	
	Loans to subsidiary companies .. .. .															
	520,547	17 11	541,055	9 8	—	—	—	—	—	—	—	—	—	1,061,603	7 7	
	Investments:—															
17 8	Deposits with the High Court:—															
18 9	£17,122 14s. 2½% War Stock .. .. .															
	16,043	19 11	—	—	—	—	—	—	—	—	—	—	—	16,043	19 11	
	£20,000 2½% War Stock .. .. .															
	—	—	19,956	16 8	—	—	—	—	—	—	—	—	—	19,956	16 8	
	£22,000 2½% Local Loans Stock .. .. .															
	—	—	—	—	19,000	0 0	—	—	—	—	—	—	—	19,000	0 0	
	£22,000 2½% War Stock .. .. .															
	—	—	—	—	22,000	0 0	—	—	—	—	—	—	—	22,000	0 0	
	Deposits with the Supreme Court of Judicature in Irish Free State:—															
	£20,000 2½% War Stock .. .. .															
	19,956	16 8	—	—	—	—	—	—	—	—	—	—	—	19,956	16 8	
	£20,000 2½% War Stock .. .. .															
	—	—	—	—	20,000	0 0	—	—	—	—	—	—	—	20,000	0 0	
	British Government securities .. .. .															
	31,367,726	12 4	45,384,044	12 11	1,468,975	7 7	1,873,482	0 1	2,689,439	14 6	541,008	3 0	—	83,324,676	10 5	
	Securities issued under the Trade Facilities Acts .. .. .															
6 7	1,934,300	0 0	3,886,183	10 6	58,887	10 0	—	—	—	—	—	—	—	5,879,371	0 6	
0 0	Debentures in subsidiary companies issued under the Trade Facilities Acts .. .. .															
0 2	—	—	400,000	0 0	—	—	—	—	—	—	—	—	—	400,000	0 0	
2 4	350,000	0 0	—	—	—	—	—	—	—	—	—	—	—	350,000	0 0	
	Bank of England stock .. .. .															
	3,616,880	7 7	6,547,333	9 9	804,096	5 4	126,342	19 3	104,869	10 0	—	—	—	11,199,522	11 11	
	Municipal and county securities, United Kingdom .. .. .															
8 1	3,759,250	15 0	5,398,841	9 2	539,494	6 3	141,449	10 10	330,912	3 8	—	—	—	10,169,948	4 11	
0 0	Indian and Colonial Government securities .. .. .															
0 0	280,762	9 0	355,098	6 9	—	—	—	—	130,649	15 1	—	—	—	766,510	10 10	
0 0	Colonial provincial securities .. .. .															
0 7	1,575,768	2 6	1,203,898	15 7	14,186	16 10	—	—	19,366	5 0	4,250	10 0	—	2,817,470	9 11	
9 7	Foreign Government securities .. .. .															
5 6	4,295,959	16 5	4,282,836	14 0	482,401	12 1	—	—	—	—	—	—	—	9,061,198	2 6	
4 8	Foreign provincial securities .. .. .															
	188,525	7 7	424,154	19 10	28,492	13 2	—	—	—	—	—	—	—	639,173	0 7	
	Foreign municipal securities .. .. .															
	789,413	4 6	759,695	13 1	93,952	11 1	—	—	—	—	—	—	—	1,643,061	8 8	
	Railway and other debentures and debenture stocks and gold and sterling bonds—Home and Foreign															
8 8	16,055,970	17 11	27,532,908	14 0	1,054,469	1 4	77,670	8 4	143,505	3 9	—	—	—	44,864,524	5 4	
	Railway and other preference and guaranteed stocks and shares .. .. .															
	9,959,377	14 6	14,645,163	6 5	386,031	10 7	—	—	60,593	9 4	—	—	—	25,051,166	0 10	
	Preference shares in subsidiary companies .. .. .															
	70,698	0 0	64,994	7 0	—	—	—	—	—	—	—	—	—	135,692	7 0	
	Railway and other ordinary stocks and shares .. .. .															
6	12,617,642	10 5	16,925,436	17 6	180,276	13 10	—	—	—	—	—	—	—	29,723,356	1 9	
	Ordinary shares in subsidiary companies .. .. .															
0	542,074	15 1	417,367	9 2	585,097	19 1	—	—	—	—	—	—	—	1,544,540	3 4	
10	Rent charges .. .. .															
3	91,060	15 3	—	—	—	—	—	—	—	—	—	—	—	91,060	15 3	
4	Freehold ground rents and Scotch feu duties .. .. .															
0	—	—	6,291,691	10 1	—	—	—	—	—	—	—	—	—	6,291,691	10 1	
0	Leasehold ground rents .. .. .															
0	—	—	3,768	10 0	—	—	—	—	—	—	—	—	—	3,768	10 0	
	House property:—															
	Office premises .. .. .															
	—	—	3,317,823	4 9	—	—	—	—	—	—	—	—	—	3,317,823	4 9	
	Properties within the United Kingdom .. .. .															
	—	—	10,157,956	11 1	—	—	—	—	—	—	—	—	—	10,157,956	11 1	
	Properties out of the United Kingdom .. .. .															
	590,355	3 6	10,000	0 0	—	—	—	—	—	—	—	—	—	600,355	3 6	
	Life interests .. .. .															
	35,429	4 1	—	—	—	—	—	—	—	—	—	—	—	35,429	4 1	
	Reversions .. .. .															
	190,929	8 3	—	—	—	—	—	—	—	—	—	—	—	190,929	8 3	
4	Agents' balances .. .. .															
0	16,063	15 6	—	—	198,731	18 7	—	—	—	—	—	—	—	214,795	14 1	
10	Outstanding premiums .. .. .															
	526,230	7 11	512,676	5 1	57,260	14 8	—	—	—	—	—	—	—	1,096,167	7 8	
	Outstanding interest, dividends and rents .. .. .															
	233,987	13 6	163,045	7 4	—	—	—	—	—	—	—	—	—	397,033	0 10	
	Interest, dividends and rents accrued but not payable .. .. .															
	405,122	1 4	666,129	12 9	—	—	—	—	—	—	—	—	—	1,071,251	14 1	
	Amounts retained abroad by ceding companies under reinsurance treaties of which £10,901 19s. 5d. relates to a subsidiary company .. .. .															
	2,079,665	15 2	—	—	—	—	—	—	—	—	—	—	—	2,079,665	15 2	
	Amounts retained at home and abroad by ceding companies under reinsurance treaties and sums due on reinsurance account of which £24,541 1s. 5d. relates to a subsidiary company .. .. .															
	—	—	—	—	412,143	13 6	—	—	—	—	—	—	—	412,143	13 6	
	Amounts due from subsidiary companies .. .. .															
	14,888	3 10	19,463	10 6	31,808	18 11	—	—	—	—	—	—	—	66,160	13 3	
	Sundry debtors .. .. .															
	5,125	12 7	40,509	9 5	—	—	—	—	—	—	—	—	—	45,635	2 0	
	Bills receivable .. .. .															
	60,000	0 0	71,239	0 0	—	—	—	—	—	—	—	—	—	131,239	0 0	
	Marine stamps .. .. .															
	—	—	—	—	348	9 0	—	—	—	—	—	—	—	348	9 0	
	Cash:—															
	On deposit:—															
	In the United Kingdom .. .. .															
	—	—	440,000	0 0	—	—	—	—	—	—	—	—	—	440,000	0 0	
	Abroad .. .. .															
	73,735	17 1	—	—	54,442	4 5	—	—	—	—	—	—	—	128,178	1 6	
	In hand and on current account:—															
	In the United Kingdom .. .. .															
	1,222,880	11 0	517,470	11 5	397,262	3 0	264,252	1 8	399,622	3 0	—	—	—	2,801,487	10 1	
	Abroad .. .. .															
	262,031	4 7	39,402	1 11	32,813	19 5	—	—	—	—	—	—	—	334,247	5 11	
	Total .. .. .															
	£117,237,438	17 0	£170,823,875	12 3	£7,234,524	8 8	£2,583,197	0 2	£3,878,958	4 4	£545,258	13 0	£302,303,252	15 5		

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.

H. R. GRAY, }  
A. T. COLE, } *Auditors.*

We have examined the receipts and payments at Chief Office relating to the capital transactions in respect of the mortgages, loans and investments for the year ended 31st December, 1935. 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 Chief Office cash in their custody, which together with the investments, loans and cash appearing in the certified balance sheets received from overseas branches represent the mortgages, loans, investments and cash set out in the above P00021857 31st December, 1935.

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



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Directors' Report  
and  
Statement of Accounts  
at 31st December, 1935

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NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Shareholders of this Company will be held at 142, HOLBORN BARS, LONDON, E.C.1, on THURSDAY, the 12th day of March, 1936, 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.*

4th March 1936.

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

*61. 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.*