

The Prudential Assurance Company

LIMITED

(INCORPORATED IN ENGLAND.)

EIGHTY-EIGHTH ANNUAL REPORT

Year ending 31st December, 1936.



Directors :

SIR EDGAR HORNE, BART., *Chairman*

SIR GEORGE LEWIS BARSTOW, K.C.B.,
GUY PHILIP HARBEN, O.B.E. } *Deputy-Chairmen*

ARTHUR RHYS BARRAND, F.I.A.

JOHN ROY LANCASTER

SIR NIGEL GEORGE DAVIDSON, C.B.E.

SIR JOHN HENRY LUSCOMBE

ERNEST DEWEY

HERBERT HARVEY MOSELEY,

SIR LAURENCE NUNNS GUILLEMARD,

B.C.L.

G.C.M.G., K.C.B.

LT.-COL. PERCY LESTER REID,

MAJOR WILLIAM GUY HORNE

O.B.E.

Joint Secretaries :

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

Assistant Secretaries :

G. GOODMAN, F.I.A. C. W. A. RAY, A.L.A.A.

Joint Actuaries :

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

Assistant Actuaries :

W. J. FULFORD, F.I.A. W. E. HUSTWITT, 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. P00021895

OFFICES IN THE UNITED KINGDOM

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

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
Burma	Holland	Siam
Canada	India	South Africa
Ceylon	Irish Free State	Southern Rhodesia
China	Japan	Sudan
Colombia	Kenya	Sweden
Cuba	Malay Peninsula	Tanganyika
Cyprus	Newfoundland	Trinidad
Denmark	New Zealand	Uganda
Dutch East Indies	Norway	U.S.A.
Egypt		

**THE
PRUDENTIAL ASSURANCE COMPANY
LIMITED**

EIGHTY-EIGHTH ANNUAL REPORT

Year ending 31st December, 1936.

THE DIRECTORS have the honour to submit their Report and Accounts for 1936.

The **Assets** of the Company amount to **£315,923,771** as compared with **£302,303,253** a year ago.

The **Income** from all sources during 1936 was **£52,889,774** as compared with **£52,998,753** in 1935.

During the year the British Widows' Assurance Company Limited was purchased. It was subsequently put into voluntary liquidation and its business transferred to the Company. The business taken over consisted of both Ordinary and Industrial Assurance contracts and the figures are merged with those of the Company in the report and accounts.

ORDINARY BRANCH.

The number of life assurance policies issued during the year was **106,494**, assuring the sum of **£30,760,699**, and producing an annual premium income of **£1,476,029**. The total premiums received were **£13,230,421**.

The number of life assurance policies in force on 31st December, 1936, was **1,019,504**, assuring with bonus **£48,991,407** and producing an annual premium income of **£12,293,266**.

The immediate annuities payable were **11,792** in number, and amounted to **£887,000** per annum. In addition there were **37,476** deferred and contingent annuities, securing **£896,509** per annum and producing an annual premium income of **£279,245**.

The total claims for the year amounted to **£12,171,789**. There were **10,385** death claims for sums assured, including bonuses, of **£2,603,962** and **48,869** matured endowment assurances for sums assured, including bonuses, of **£9,567,827**.

The Company does not now transact foreign life reinsurance business on the continental plan. The steps taken by the Authorities in Austria to liquidate the Lebensversicherungs-Gesellschaft Phönix of Vienna automatically terminated the treaty with that company. The treaty with the Towarzystwo Ubezpieczen na Życie of Warsaw has been terminated by mutual agreement. A revenue account for this class of business is therefore no longer required.

The surplus is **£3,517,705**, including the sum of **£558,742** brought forward from last year, and has been allocated as follows:—

	£
For bonus to participating policyholders	2,629,149
Transferred to Profit and loss account for dividend to holders of A shares	277,528
Transferred to Special contingency fund	14,600
To be carried forward	596,428

The Directors have declared that, as regards each participating policy issued out of the Ordinary branch which was in force on 31st December, 1936 (including participating policies issued by Overseas branches), there shall, as at 31st December, 1936 (or at a later date if the policy so provides), be added to the original participating sum assured (or otherwise applied as provided in the policy) a reversionary bonus of

- (1) **£2 6s.** per cent. if a Whole Life Assurance.
- (2) **£2 0s.** per cent. if an Endowment Assurance.

GENERAL BRANCH.

The premiums received during the year, after deduction of the reinsurances, were **£2,605,473**, being an increase of **£81,802** in sections other than Sinking Fund, and a decrease of **£480,888** in the Sinking Fund Section as compared with those for 1935. 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 **£10,156,574** as compared with **£11,150,863** in 1935, *i.e.*, a decrease of **£994,289**.

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 **£54,000,000**.

The surplus is **£541,735**, including the sum of **£244,456** brought forward from last year, and has been allocated as follows:—

	£
To the strengthening of reserves	120,812
Transferred to Profit and loss account for income tax	30,000
Transferred to Profit and loss account for dividends to holders of A shares and B shares	133,333
To be carried forward	257,590

Additional reserves were maintained prior to 1936 in the individual revenue accounts. These additional reserves, together with the sum of **£120,812** allocated for 1936 have been transferred to a General branch additional reserve fund account.

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., upon the bases stated in the valuation report.

The Directors have declared in respect of the profits of the year 1936 a final dividend on the A shares at the rate of **14s. 0 $\frac{1}{2}$ d.** per share. This dividend, together with the interim dividend of **5s.** per share paid in September, 1936, makes a total of **19s. 0 $\frac{1}{2}$ d.** per A share for the year. The shareholders' profits from the Ordinary branch together with their profits from the Industrial branch, provide **18s. 6d.** of this dividend (of which **5s.** has already been paid) and the remaining **6 $\frac{1}{2}$ d.** 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 **2s. 0d.** 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 11th March, 1937.

The Directors deplore the loss of their Deputy-Chairman, MR. FREDERICK SCHOOLING, F.I.A., who died on 10th May last. Mr. Schooling served the Company for close on 70 years. He was appointed Actuary in 1892 and also Joint General Manager in 1907. Upon his retirement in 1912 he was elected a member of the Board of Directors and in 1928 became Deputy-Chairman.

The Board have appointed MR. GUY PHILIP HARBEN, O.B.E., to be a Deputy-Chairman to fill the vacancy occasioned by the death of Mr. Schooling. The vacancy in the directorate has been filled by the appointment of SIR NIGEL GEORGE DAVIDSON, C.B.E., a qualified shareholder, who now offers himself for election.

The retiring Directors are SIR EDGAR HORNE, Bart., SIR GEORGE LEWIS BARSTOW, K.C.B., SIR LAURENCE NUNNS GUILLEMARD, G.C.M.G., K.C.B., and LT.-COL. PERCY LESTER REID, O.B.E., 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,
25th February, 1937.

REVENUE ACCOUNT OF THE ORDINARY BRANCH

for the Year ending 31st December, 1936, in respect of

Life Assurance Business.

	£	s.	d.		£	s.	d.
Amount of life assurance fund at the beginning of the year	£111,555,466	2	6	Claims under policies paid and outstanding :—			
Add adjustment in exchange	2,917	6	3	By death	£2,603,961	13	8
				By maturity	9,567,827	3	4
Premiums	111,558,383	8	9				12,171,788 17 0
Consideration for annuities granted	13,230,421	0	5	Surrenders	794,132	6	8
Interest, dividends and rents	1,386,807	3	1	Bonuses surrendered for cash	169,052	5	6
Less income tax	£5,488,877	5	8	Annuities	807,506	12	10
				Life business :—			
	4,957,079	12	3	Commission	899,742	17	8
Amount of life assurance fund in respect of business transferred from The British Widows' Assurance Company Limited ..	180,310	13	11	Expenses of management	860,360	12	11
Transfer from Profit on investments account	85,327	0	0	Annuity business :—			
				Commission	30,046	6	7
	£131,398,328	18	5	Expenses of management	27,143	18	1
				Transfer to Special contingency fund ..	14,600	0	0
				Transfer to Profit and loss account ..	277,528	0	0
				Amount of life assurance fund at the end of the year	115,346,427	1	2
					£131,398,328	18	5

NOTE.—During the year 106,494 policies were issued for a sum assured of £30,760,699. The amount received by way of single premiums was £463,660. The yearly renewal premium income was £1,476,029.

REVENUE ACCOUNT OF THE INDUSTRIAL BRANCH

for the Year ending 31st December, 1936, in respect of

Industrial Assurance Business.

	£	s.	d.		£	s.	d.
Amount of Industrial assurance fund at the beginning of the year	£165,548,437	18	9	Claims under policies paid and outstanding :—			
Premiums	21,456,030	1	0	By death	£6,890,872	8	7
Interest, dividends and rents	£8,141,240	10	7	By maturity	1,855,304	8	7
Less income tax	390,930	19	4				8,746,176 17 2
				Surrenders			3,125,081 19 7
	7,750,309	11	3	Commission			1,567 19 1
Amount of life assurance fund in respect of business transferred from The British Widows' Assurance Company Limited ..	553,201	12	10	Expenses of management			4,890,174 12 3
				Bonus allocation to members of Company's outdoor staff			671,122 15 8
	£195,307,979	3	10	Transfer to Special contingency fund ..			293,000 0 0
				Transfer to Profit and loss account ..			878,722 0 0
				Amount of Industrial assurance fund at the end of the year			176,702,133 0 1
					£195,307,979	3	10

NOTE.—During the year 2,275,325 policies were issued, for a maximum sum assured of £59,889,445.

REVENUE ACCOUNTS OF THE GENERAL BRANCH

for the Year ending 31st December, 1936, in respect of:—

Fire Insurance Business.

	£	s.	d.		£	s.	d.
Amount of fire insurance fund at the beginning of the year :—				Claims under policies paid and outstanding ..	393,856	12	6
Reserve for unexpired risks	£369,438	0	0	Commission	180,102	9	4
Additional reserve	480,386	0	0	Expenses of management	234,113	15	9
				Contributions to fire brigades	2,381	14	1
	849,824	0	0	Loss on exchange	13,071	16	5
Less Additional reserve transferred to General branch additional reserve fund	480,386	0	0	Transfer to General branch additional reserve fund	54,678	0	0
				Transfer to Profit and loss account	62,557	10	10
Premiums	369,438	0	0	Amount of fire insurance fund at the end of the year :—			
Interest and dividends	920,177	14	6	Reserve for unexpired risks, being 40 per cent. of the premium income for the year	368,071	0	0
Less income tax	£23,387	15	8				
	4,170	11	3				
	19,217	4	5				
	£1,308,832	18	11		£1,308,832	18	11

REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

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	£153,280	0	0			213,767	16	9	
Additional reserve ..	153,280	0	0			Commission	79,363	19	10
						Expenses of management	79,391	14	4
						Transfer to General branch additional reserve fund	3,954	0	0
Less Additional reserve transferred to General branch additional reserve fund	153,280	0	0			Transfer to Profit and loss account	4,524	3	7
	153,280	0	0			Amount of miscellaneous insurance fund at the end of the year:—			
Less adjustment in exchange	22,090	0	0			Reserve for unexpired risks, being 40 per cent. of the premium income for the year	148,220	0	0
				131,190	0	0			
Premiums				370,550	14	6			
Fees				17,431	15	2			
Interest and dividends ..	£12,205	16	2						
Less income tax ..	2,176	11	4						
				10,029	4	10			
				£529,201	14	6			£529,201 14 6

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	3,529,316	0	0			11,040	0	0	
Interest and dividends ..	£147,244	13	9			Surrenders	213,607	6	0
Less income tax ..	26,256	19	10			Commission	1,295	2	3
						Expenses of management	3,012	14	5
						Transfer to General branch additional reserve fund	25,617	0	0
				120,987	13	11			
						Transfer to Profit and loss account	29,308	18	3
						Amount of sinking fund insurance fund at the end of the year			
				£3,885,045	0	11			£3,885,045 0 11

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	86,425	16	10			48,038	2	11	
Interest and dividends ..	£13,379	19	4			Expenses of management	13,057	18	9
Less income tax ..	2,385	18	11			Income tax	2,739	16	0
						Transfer to General branch additional reserve fund	5,128	0	0
				10,994	0	5			
				£407,092	12	5			
						Transfer to Profit and loss account	5,866	0	5
						Amount of marine insurance fund at the end of the year			
						332,262	14	4	
						£407,092	12	5	

GENERAL BRANCH ADDITIONAL RESERVE FUND ACCOUNT
for the Year ending 31st December, 1936.

		£	s.	d.			£	s.	d.
Transfers from General branch Revenue accounts: (a) at the beginning of the year:—					Amount of General branch additional reserve fund at the end of the year				
Fire insurance ..	£480,386	0	0			£1,095,776	0	0	
Sickness and accident insurance	44,689	0	0						
Employers' liability insurance	52,900	0	0						
Motor vehicle insurance ..	243,709	0	0						
Miscellaneous insurance ..	153,280	0	0						
				974,964	0	0			
(b) at the end of the year:—									
Fire insurance ..	54,678	0	0						
Sickness and accident insurance	19,876	0	0						
Motor vehicle insurance ..	11,559	0	0						
Miscellaneous insurance ..	3,954	0	0						
Sinking fund insurance ..	25,617	0	0						
Marine insurance ..	5,128	0	0						
				120,812	0	0			
				£1,095,776	0	0			£1,095,776 0 0

LIABILITIES.	Ordinary Branch.		Industrial Branch.		General Branch.		Common Contingency Fund.		Special Contingency Fund.		Share Premium Account.		Total.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Authorised capital:—														
1,250,000 A shares of £1 each ..	£1,250,000													
1,000,000 B shares of £1 each ..	1,000,000													
	<u>£2,250,000</u>													
Issued capital:—														
1,250,000 A shares of £1 each, fully paid ..	£1,250,000	0 0	1,250,000	0 0	—	—	—	—	—	—	—	—	1,250,000	0 0
1,000,000 B shares of £1 each, 4s. paid ..	200,000	0 0	—	—	200,000	0 0	—	—	—	—	—	—	200,000	0 0
Share premium account ..	—	—	—	—	—	—	—	—	—	—	438,856	2 0	438,856	2 0
Life assurance fund—Ordinary branch ..	115,346,427	1 2	—	—	—	—	—	—	—	—	—	—	115,346,427	1 2
Industrial assurance fund ..	—	—	176,702,133	0 1	—	—	—	—	—	—	—	—	176,702,133	0 1
General branch insurance funds:—														
Fire insurance fund ..	—	—	—	—	368,071	0 0	—	—	—	—	—	—	—	—
Sickness and accident insurance fund ..	—	—	—	—	200,477	8 0	—	—	—	—	—	—	—	—
Employers' liability insurance fund ..	—	—	—	—	141,263	6 6	—	—	—	—	—	—	—	—
Motor vehicle insurance fund ..	—	—	—	—	268,080	0 0	—	—	—	—	—	—	—	—
Miscellaneous insurance fund ..	—	—	—	—	148,220	0 0	—	—	—	—	—	—	—	—
Sinking fund insurance fund ..	—	—	—	—	3,601,164	0 0	—	—	—	—	—	—	—	—
Marine insurance fund ..	—	—	—	—	332,262	14 4	—	—	—	—	—	—	—	—
Additional reserve fund ..	—	—	—	—	1,095,776	0 0	—	—	—	—	—	—	—	—
Total ..	—	—	—	—	—	—	—	—	—	—	—	—	6,155,314	8 10
Investments reserve funds ..	2,500,000	0 0	2,500,000	0 0	—	—	—	—	—	—	—	—	5,000,000	0 0
Common contingency fund ..	—	—	—	—	—	—	2,666,441	9 5	—	—	—	—	2,666,441	9 5
Special contingency fund ..	—	—	—	—	—	—	—	—	4,193,478	15 3	—	—	4,193,478	15 3
Claims admitted or intimated but not paid:—														
Life assurance ..	548,178	14 1	146,147	8 0	—	—	—	—	—	—	—	—	694,326	2 1
Fire insurance ..	—	—	—	—	225,927	0 0	—	—	—	—	—	—	225,927	0 0
Motor vehicle insurance ..	—	—	—	—	326,484	0 0	—	—	—	—	—	—	326,484	0 0
Miscellaneous insurance ..	—	—	—	—	184,048	0 0	—	—	—	—	—	—	184,048	0 0
Annuities due and unpaid ..	6,147	13 7	—	—	—	—	—	—	—	—	—	—	6,147	13 7
Outstanding commission and expenses ..	109,880	0 8	100,000	0 0	15,000	0 0	—	—	—	—	—	—	224,880	0 8
Premiums received in advance ..	21,840	16 1	—	—	22	17 4	—	—	—	—	—	—	21,863	13 5
Amounts due to other companies on reinsurance account:—														
General branch:—														
Fire insurance ..	—	—	—	—	97,865	15 7	—	—	—	—	—	—	—	—
Sickness and accident insurance ..	—	—	—	—	182	5 2	—	—	—	—	—	—	—	—
Motor vehicle insurance ..	—	—	—	—	58	15 0	—	—	—	—	—	—	—	—
Miscellaneous insurance ..	—	—	—	—	6,143	3 10	—	—	—	—	—	—	—	—
Marine insurance ..	—	—	—	—	5,942	11 5	—	—	—	—	—	—	—	—
Total ..	—	—	—	—	—	—	—	—	—	—	—	—	110,192	11 0
Amounts due to subsidiary companies:—														
On claim account ..	—	—	—	—	24,615	6 0	—	—	—	—	—	—	24,615	6 0
On reinsurance account ..	—	—	—	—	13,886	11 10	—	—	—	—	—	—	13,886	11 10
On deposit account ..	—	—	100	0 0	—	—	—	—	—	—	—	—	100	0 0
Sundry creditors ..	63,687	10 8	32,335	12 5	12,165	17 6	—	—	—	—	—	—	108,189	0 7
Reserve for income tax ..	17,611	16 6	—	—	70,071	4 10	3,087	10 0	2,371	9 3	2,612	10 0	95,764	10 7
Loans on policies within their surrender values, due to reinsuring companies ..	33,182	0 0	—	—	—	—	—	—	—	—	—	—	33,182	0 0
Bonus allocation to members of Company's outdoor staff ..	£671,122	15 8	—	—	—	—	—	—	—	—	—	—	—	—
Deduct payments made in advance ..	4,480	3 7	—	—	—	—	—	—	—	—	—	—	—	—
Unclaimed dividends ..	—	—	666,662	12 1	—	—	—	—	—	—	—	—	666,662	12 1
Balance standing to credit of Profit and loss account ..	202,520	0 0	641,230	0 0	390,922	10 2	—	—	—	—	—	—	1,234,672	10 2
	118,849,475	12 9	182,038,728	9 10	7,728,719	0 0	2,669,528	19 5	4,195,850	4 6	441,468	12 0	315,923,770	18 6

NOTE:—

- (a) Instalments not due until after 31st December, 1936, on investments held, £1,188,147 10s. 0d.
 (b) Uncalled capital on investments held, £2,027,390 13s. 5d.
 (c) Contingent liability on shares, etc., £1,124,540 17s. 11d.
 (d) Investments bought for settlement after 31st December, 1936, £167,329 3s. 3d.

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. 8 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 aggregate value of the Stock Exchange securities in each Branch, taken at middle market prices as at 31st December, 1936, exceeded the book value 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.

The gross amount of the Directors' remuneration for the year (including fees from a subsidiary company) was £48,729 13s. 6d.

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 31st December, 1936, with the exception of interest received at or paid by the Company's chief office which has been brought in at the rates ruling on the dates of the respective transactions; the adjustment in exchange item appearing in certain revenue accounts is the difference between the sterling equivalents at the beginning and the end of the year of the insurance fund 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.

No part of any fund has been applied directly or indirectly for any purposes other than those of the class of business to which the fund is applicable.

J. BURN, { General
Manager.

C. C. H. DRAKE, } Joint
C. S. KELHAM, } Actuaries.

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

We report that, with the assistance of the Chartered Accountants as stated hereon, 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. DU P. T. COLE, } Auditors.

ET

on the 31st December, 1936.

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.
		8,165,537	13 7	2,861,331	19 5	—	—	—	—	—	—	—	—	11,026,869	13 0
		15,180	13 7	—	—	—	—	—	—	—	—	—	—	15,180	13 7
		3,067,612	6 3	2,120,727	6 8	20,000	0 0	—	—	—	—	—	—	5,208,339	12 11
		—	—	25,000	0 0	—	—	—	—	—	—	—	—	25,000	0 0
		619,363	6 8	300,000	0 0	—	—	—	—	—	—	—	—	919,363	6 8
		1,360,571	16 6	7,600,396	16 0	—	—	—	—	—	—	—	—	8,960,968	12 6
0	0	24,105	19 7	—	—	—	—	—	—	—	—	—	—	24,105	19 7
		1,454	14 8	—	—	—	—	—	—	—	—	—	—	1,454	14 8
		6,050,798	9 6	10,173,471	13 0	—	—	—	—	—	—	—	—	16,224,270	2 6
		5,286,406	16 3	—	—	—	—	—	—	—	—	—	—	5,286,406	16 3
		414	7 7	—	—	—	—	—	—	—	—	—	—	414	7 7
		493,139	5 3	506,669	13 2	—	—	—	—	—	—	—	—	999,808	18 5
		16,043	19 11	—	—	—	—	—	—	—	—	—	—	16,043	19 11
		—	—	19,956	16 8	—	—	—	—	—	—	—	—	19,956	16 8
		—	—	—	—	19,000	0 0	—	—	—	—	—	—	19,000	0 0
		—	—	—	—	22,000	0 0	—	—	—	—	—	—	22,000	0 0
		19,956	16 8	—	—	—	—	—	—	—	—	—	—	19,956	16 8
		—	—	—	—	20,000	0 0	—	—	—	—	—	—	20,000	0 0
		32,111,500	4 2	48,800,849	18 5	1,965,048	15 1	2,169,736	7 6	3,112,978	19 4	403,902	8 6	88,564,016	13 0
		1,877,100	0 0	3,867,938	15 9	229,184	13 0	—	—	—	—	—	—	5,974,223	8 9
		350,000	0 0	400,000	0 0	—	—	—	—	—	—	—	—	400,000	0 0
		1,905,103	7 9	3,397,847	9 8	696,957	16 3	36,517	9 9	61,919	10 0	—	—	6,098,345	13 5
		2,002,745	4 1	3,508,017	4 3	241,453	5 0	141,708	2 6	46,437	10 0	—	—	5,940,361	5 10
		3,943,412	11 5	4,440,230	13 2	601,008	19 7	141,449	10 10	330,912	3 8	—	—	9,457,013	18 8
		365,584	1 6	368,420	16 2	—	—	—	—	130,649	15 1	—	—	864,654	12 9
		1,616,654	2 0	1,248,345	11 9	6,000	0 0	—	—	19,366	5 0	4,250	10 0	2,894,616	8 9
		4,115,783	1 1	4,194,300	8 4	451,050	0 11	—	—	—	—	—	—	8,761,133	10 4
		244,806	15 10	422,677	19 8	28,492	13 2	—	—	—	—	—	—	695,977	8 8
		715,271	4 5	752,879	14 9	85,833	4 8	—	—	—	—	—	—	1,553,984	3 10
		14,935,162	14 2	27,596,833	18 1	1,217,385	3 6	77,670	8 4	141,880	3 9	—	—	43,968,932	7 10
		10,497,670	12 8	15,988,716	7 0	400,782	3 5	—	—	60,593	9 4	—	—	26,947,762	12 5
		70,698	0 0	64,994	7 0	—	—	—	—	—	—	—	—	135,692	7 0
		13,731,561	12 1	19,066,048	3 5	165,071	3 8	—	—	—	—	—	—	32,962,680	19 2
		552,096	13 5	494,370	4 2	575,095	0 0	—	—	—	—	—	—	1,621,561	17 7
		82,797	12 1	—	—	—	—	—	—	—	—	—	—	82,797	12 1
		—	—	7,067,860	13 11	—	—	—	—	—	—	—	—	7,067,860	13 11
		—	—	3,651	13 9	—	—	—	—	—	—	—	—	3,651	13 9
		—	—	3,397,148	11 1	—	—	—	—	—	—	—	—	3,397,148	11 1
		894,214	13 8	11,158,831	2 7	—	—	—	—	—	—	—	—	12,053,045	16 3
		600,453	14 1	10,000	0 0	—	—	—	—	—	—	—	—	610,453	14 1
		35,429	4 1	—	—	—	—	—	—	—	—	—	—	35,429	4 1
		150,904	17 11	—	—	—	—	—	—	—	—	—	—	150,904	17 11
		515,730	16 1	399,299	7 11	60,517	13 0	—	—	—	—	—	—	975,547	17 0
		224,924	18 3	157,044	12 7	—	—	—	—	—	—	—	—	381,969	10 10
		309,560	10 9	532,230	12 8	—	—	—	—	—	—	—	—	841,791	3 5
		—	—	—	—	351,963	10 2	—	—	—	—	—	—	351,963	10 2
		—	—	—	—	28,815	3 11	—	—	—	—	—	—	28,815	3 11
		20,175	8 3	21,453	15 0	—	—	—	—	—	—	—	—	41,629	3 3
		—	—	—	—	33,363	12 0	—	—	—	—	—	—	33,363	12 0
		6,522	10 10	5,908	9 0	—	—	—	—	—	—	—	—	12,430	19 10
		55,000	0 0	59,397	0 0	—	—	—	—	—	—	—	—	114,397	0 0
		—	—	—	—	340	9 8	—	—	—	—	—	—	340	9 8
		—	—	—	—	—	—	—	—	—	—	—	—	—	—
		—	—	270,000	0 0	—	—	—	—	—	—	—	—	270,000	0 0
		171,168	6 0	—	—	54,981	4 1	—	—	—	—	—	—	226,149	10 1
		1,281,165	6 1	674,813	7 7	165,974	10 9	102,447	0 6	291,112	8 4	33,315	13 6	2,548,828	6 9
		344,385	14 8	61,063	7 3	42,019	6 5	—	—	—	—	—	—	447,468	8 4
		1,305	9 5	—	—	—	—	—	—	—	—	—	—	1,305	9 5
		118,849,476	12 9	182,038,728	9 10	7,728,719	0 0	2,669,528	19 5	4,195,850	4 6	441,468	12 0	315,923,770	18 6

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 Australia 3½% Registered Stock 1954/59. Poland .. \$10,000 National Economic Bank of Poland 7% Gold Mortgage bonds.
 Canada .. £445,000 4% Funding Loan 1960/90. South Africa .. £10,000 Union of South Africa 4½% Stock 1955/75.
 Canada .. \$175,000 Canada 3½% 15-year Bonds. Southern Rhodesia .. £5,000 8½% Conversion Loan.
 New Zealand .. £50,000 New Zealand 4½% Inscribed Stock 1948/58. Tasmania .. £5,000 Australia 3½% Inscribed Stock 1943.
 Palestine .. £1,000 3½% Conversion Loan. Victoria .. £5,000 Australia 3½% Inscribed Stock 1943.
 Poland .. £72,000 Poznan 7% Loan 1928.

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.

The profits or losses shown in the accounts of subsidiary companies made up to a date within the year ended 31st December, 1936, or in the last previous accounts which became available within that year have been dealt with as follows:—
 (a) profits are included in this Company's revenue accounts to the extent of the dividends received;
 (b) the loss of one company (whose accounting year ended 31st December, 1935), amounting to £42,001 8s. 0d. has been provided from reserves in the accounts of The Prudential Assurance Company Limited.

EDGAR HORNE, *Chairman.*

GEORGE L. BARSTOW,
 G. P. HARBEN,
 H. H. MOSELEVY, } *Directors.*

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, 1936. 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 Balance Sheet as at 31st December, 1936.

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



Directors' Report
and
Statement of Accounts
at 31st December, 1936

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 11th day of March, 1937, 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.

3rd March, 1937.

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.