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., Deputy-Chairmen

ARTHUR RHYS BARRAND, F.I.A. SIR NIGEL GEORGE DAVIDSON, C.B.E.

ERNEST DEWEY
SIR LAURENCE NUNNS GUILLEMARD,

G.C.M.G., K.C.B. MAJOR WILLIAM GUY HORNE JOHN ROY LANCASTER SIR JOHN HENRY LUSCOMBE HERBERT HARVEY MOSELEY, 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.

Assistant Secretaries:

G. GOODMAN, F.I.A.

C. W. A. RAY, A.L.A.A.

Joint Actuaries:

C. C. 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. H. REDMAN

H. S. LANE, M.C. 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.

W

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	Halifax	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	Sutton
Bath	Сгеwе	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	Ton Pentre, Glam.
Birmingham	Douglas (I. of M.)	Kendal	Perth	Torquay
Bishop Auckland	Dover	Kettering	Peterborough	Truro
Blackburn	Dumbarton	Kilmarnock	Plymouth	Tunbridge Wells
Blackpool	Dumfries	Kirkealdy	Pontypridd	Wakefield
Blaydon-on-Tyne	Dundee	Lancaster	Portsmouth	Wallasey
Blyth	Dunfermline	Leamington	Preston	Walsali
Bolton	Durham	Leeds	Pudsey	Warrington
Boston	Eastbour n e	Leicester	Reading	Watford
Bournemouth	Ely	Leigh, Lancs.	Redhill	Wednesbury
Bradford	Enfleld	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	Llanelly	St. Helens	Wigan
Burnley	Garston	Long Eaton	Salisbury	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	Shipley	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
Australia
Belgium
Brazil
Burma
Canada
Ceylon
China
Colombia
Cuba
Cyprus
Denmark
Dutch East Indies
Egypt

Finland
France
Germany
Greece
Holland
India
Irish Free State
Japan

Japan Kenya Malay Peninsula Newfoundland New Zealand Norway Palestine
Philippine Islands
Poland
Portugal
Siam
South Africa
Southern Rhodesia
Sudan
Sweden
Tanganyika
Trinidad
Uganda
U.S.A.

THE PRUDENTIAL ASSURANCE COMPANY

EIGHTY-EIGHTH ANNUAL REPORT

Year ending 31st December, 1936.

HE 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 ut into voluntary liquidation and its business transferred to the Company. The business taken over consisted both Ordinary and Industrial Assurance contracts and the figures are merged with those of the Company 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, at 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 dition there were 37,476 deferred and contingent annuities, securing £896,509 per annum and producing an inual premium income of £279,245.

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

The Company does not now transact foreign life reassurance business on the continental plan. The taken by the Authorities in Austria to liquidate the Lebensversicherungs-Gesellschaft Phönix of Vienna tomatically terminated the treaty with that company. The treaty with the Towarzystwo Ubezpieczen zornosc of Warsaw has been terminated by mutual agreement. A revenue account for this class of timess 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 exated as follows:—

2,629,149
277,528
14,600
596,428

The Directors have declared that, as regards each participating policy issued out of the Ordinary branch ch was in force on 31st December, 1936 (including participating policies issued by Overseas branches), the shall, as at 31st December, 1936 (or at a later date if the policy so provides), be added to the original dicipating 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.

INDUSTRIAL BRANCH.

The number of policies issued during the year was 2,275,325 assuring a sum of £59,889,445. The premiums received during the year were £21,456,030, being an increase of £765,205 over those for 1935.

The number of policies becoming free policies during the year was 416,242. The number of free policies which became claims was 378,594.

The total number of policies in force at the end of the year including 4,550,636 free policies was 27,658,038, under which the maximum sum assured together with declared bonus was £564,782,598, producing an annual premium income of £22,304,109. The average duration of the whole life premium paying policies in force exceeds 18 years.

The sum of £11,871,259 under 1,258,264 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 71,260.

The surplus is £6,458,446, including the sum of £577,636 brought forward from last year, and has been allocated as follows:—

For bonus to participating policyholders Transferred to Profit and loss account for divident	dend to holders of	4,026,737
A shares		878,722
Bonus to members of outdoor staff		671,123
Transferred to Special contingency fund		293,000
To be carried forward		588,864

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 £47,353,735.

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 1936 was reduced to 22.8 per cent.

The Directors have declared that in respect of all participating policies (except those in the Irish Free State) issued by the Prudential out of the Industrial branch on which premiums were being paid on 31st December, 1936, 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 1936.
- (2) in respect of policies issued in 1936 on completion of payment of one year's premiums.

The Directors have declared that in respect of all participating policies in the Irish Free State issued by the Prudential out of the Industrial branch on and after 1st January, 1923, on which premiums were being paid on 31st December, 1936, 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 1936.
- (2) in respect of policies issued in 1936 on completion of payment of one year's premiums.

In the case of policies in the Irish Free State issued by the Prudential out of the Industrial branch before 1st January, 1923, on which premiums are being paid on 11th March, 1937, and which are entitled to participate under the Bonus Distribution Scheme, becoming claims by death or maturity of endowment between 12th March, 1937, and 10th March, 1938, both dates inclusive, there shall be paid as part of the claim a bonus addition to the sum otherwise payable as follows:—

				Amount of claim increased by											
_						years	••				ź1	s. 15		er	cent.
yea	113	and	less	than	40	years	• •			• •	25	-0	0	,,	"
٠,,		,,	,,	,,	45	٠,,		٠.		• • •	30	0	0	,,	,,
,,		,,	,,	,,	50						35	0	0	,,	,,
,,		,,	,,	,,	55				• •	••)	40	0	0	,,	,,
,,		,,	**	,,	60			.,			50	0	0	,,	,,
,,		,,	,,	,,	65	**					60	0	0	,,	"
,,		,,	,,	,,	70]	65	0	0	,,	,,
,,		**		vards		• •				}	70	0	0	,,	**

In the case of policies issued by the British Widows' Assurance Company Limited out of its Industrial branch, on which premiums are being paid on 31st March, 1937, and which become claims by death under Whole Life Assurance and Endowment Assurance policies between 1st April, 1937, and 10th March, 1938, both dates inclusive, provided 5 years' premiums have been paid, there shall be paid as part of the claim a bonus addition to the sum otherwise payable as follows:—

Premiums pa	id for	 	Amount of claim increased by
5 years and less than 10 years 10 ,, ,, ,, 15 ,, 15 ,, upwards	••	 ••	 £ s. d. 5 0 0 per cent. 7 10 0 " " 10 0 0 " "

This declaration adheres to the method of allotting bonuses adopted by the British Widows' Assurance Company Limited but enlarges the scope.

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		
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 d. per share. This dividend, together with the interim dividend of 5s. per share paid in September, 1936, makes a total of 19s. 0 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 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.

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REVENUE ACCOUNT OF THE ORDINARY BRANCH

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

Life Assurance Business.

-	£ s.	d.		£	s.	d
mount of life assurance	-		Claims under policies paid and outstanding:—	~		
fund at the beginning of the year £111,555,466 2 6			By death £2,603,961 13 8 By maturity 9,567,827 3 4			
add adjustment in				12,171,788	17	0
exchange 2,917 6 3			Surrenders	794,132	6	8
111.5	58,383 8	3 9	Bonuses surrendered for cash			
Premiums	30,421 0	5	Annuities	807,506	12	10
consideration for annuities granted 1,3 nterest, dividends and	86,807 3	3 1	Life business:— Commission	899,742	17	8
rents £5,488,877 5 8			Expenses of management	860,360		
.ess income tax	57,079 12	2 3	Annuity business:— Commission	$30,046 \\ 27,143$		
mount of life assurance fund in respect			Transfer to Special contingency fund	14,600		
of business transferred from The British Widows' Assurance Company Limited 1	80,310 13	11	Transfer to Profit and loss account Amount of life assurance fund at the end of	277,528		•
ransfer from Profit on investments account	85,327 0	0		115,346,427	1	2
£131,3	98,328 18	5	£	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: By death £6,890,872 8 7	
Premiums	21,456,030 1	L O	By maturity 1,855,304 8 7	- 0
Interest, dividends and			Surrenders	9 7
rents £8,141,240 10 7			Commission	
Less income tax 390,930 19 4			Expenses of management 4,890,174 1: Bonus allocation to members of Company's	2 3
	7,750,309 11	3	outdoor staff 671,122 1	58
Amount of life assurance fund in respect			Transfer to Special contingency fund 293,000	0 0
of business transferred from The British Widows' Assurance Company Limited	553.201 12	2.0	Transfer to Profit and loss account 878,722 Amount of Industrial assurance fund at the	0 0
Wildows Modifiated Company Milited V.	000,201		end of the year 176,702,133	0 1
		·		
4	195,307,979 3	10	£195,307,979	R 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.		<u></u>	s.	d.
Amount of fire insurance fund a	at the beg	inni	ng				Claims under policies paid and outstanding	393,856		6
of the year:—		_	_				Commission	180,102		4
Reserve for unexpired risks			0				Expenses of management	234,113		
Additional reserve	480,386	0	0				Contributions to fire brigades	2,381		
						•	Loss on exchange	13,071	16	5
	849,824	0	0				Transfer to General branch additional reserve			
Less Additional reserve							fund	54,678	0	0
transferred to General							Transfer to Profit and loss account	62,557	10	10
branch additional re-							Amount of fire insurance fund at the end of			
serve fund	480,386	0	0		′		the year:—			
				369,438	0	0	Reserve for unexpired risks, being 40 per			
Premiums				920,177	14	6	cent, of the premium income for the			
interest and dividends	£23,387	15	8				year	36 8,071	0	0
Less income tax	4,170	11	3				ļ.			
				19,217	4	5				
							,			
				1						
			£	1,308,832	18	11	l £	1,308,832	18	11
			7		<u> </u>	-	}			
										==

REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

18 5 single

s. d.

9 3 10

071 0 **9**

832 18 11

	Sickness	and .	ALL	iden	t libarance Damicos.			
Amount of sickness and acciden at the beginning of the year: Reserve for unexpired accident risks Reserve for permanent sickness risks Total estimated liability in respect of outstanding accident claims Additional reserve for accident risks:— Renewable Annual Less Additional reserve transferred to General branch additional reserve fund Premiums:— Accident Permanent sickness Interest and dividends Less income tax Transfer from Approved Societ	## insurance fund ## 171,157 0 0 ## 1,629 0 0 ## 16,888 10 0 ## 16,888 10 0 ## 16,888 10 0 ## 193,216 13 5 ## 8,207 7 10 ## 1,553 4 6 ## ties for expenses	181,956 201,424 7,157 709,000 1,099,537	s. 10	d. 3	Payments under policies, including medical and legal expenses in connection therewith: Accident Permanent sickness Commission Expenses of management Expenses of Approved Societies Transfer to General branch additional reserve fund Transfer to Profit and loss account Amount of sickness and accident insurance fund at the end of the year: Reserve for unexpired risks, being 40 per cent. of the premium income for the year for accident risks Further reserve for renewable accident risks Reserve for permanent sickness risks Total estimated liability in respect of outstanding accident claims 18,553 8 0	£ 66,239 4,866 20,333 56,004 709,000 19,876 22,740 200,477	19 11 0 0 0 8 8	10
Employers' Lia	•				transacted within the United Kingo Free State.	iom		
Amount of employers' liability at the beginning of the year Reserve for unexpired risks Total estimated liability in respect of outstanding claims	y insurance fund : 3 £42,320 0 0 62,957 1 5 52,900 0 0 158,177 1 5 52,900 0 0 £4,839 11 0 863 0 0	105,277 121,952 3,970 10,374 £241,580	s. 11 4 8	5 4	Payments under policies, including medical and legal expenses in connection therewith Commission Expenses of management Amount of employers' liability insurance fund at the end of the year :— Reserve for unexpired risks, being 40 per cent. of the premium income for the year	£ 52,262 10,511 37,543	6	1
	Mo	tor Ve	hicl	la Ir	surance Business.			
	1410	· · · · · ·			ISHCANCE BURNESS			
Reserve for unexpired risks Additional reserve transferred to General branch additional reserve fund. Less adjustment in exchange Less income tax	£243,709 0 0 243,709 0 0 487,418 0 0 243,709 0 0 243,709 0 0 9,506 0 0 £22,448 13 0	£34,203	<i>s</i> .	ā. 0	Claims under policies paid and outstanding Commission	268,080	2 14 0 17	
Reserve for unexpired risks Additional reserve transferred to General branch additional reserve fund. Less adjustment in exchange	£243,709 0 0 243,709 0 0 487,418 0 0 243,709 0 0 243,709 0 0 9,506 0 0	234,20	s. 3 0 16 15 11	0 0	Claims under policies paid and outstanding Commission Expenses of management Transfer to General branch additional reserve fund Transfer to Profit and loss account Amount of motor vehicle insurance fund at the end of the year :— Reserve for unexpired risks, being 40 per	88,895 156,740 11,559 13,224	13 2 14 0 17 0	

REVENUE ACCOUNTS OF THE GENERAL BRANCH-continued.

Miscellaneous Insurance Business.

Amount of miscellaneous insur	ance fund a	t the	£	s.	d.	Claims under policies paid and outstanding 213,757 16	
beginning of the year:—						Commission 79,353 19	10
Reserve for unexpired	£153,280	0 0				Expenses of management 79,391 14	4
Additional reserve		0 0				Transfer to General branch additional reserve fund	C
	306,560	0 0				Transfer to Profit and loss account 4,524 3	
Less Additional reserve transferred to General branch additional re-						Amount of miscellaneous insurance fund at the end of the year:—	
serve fund	153,280	0 0				Reserve for unexpired risks, being 40 per cent. of the premium income for the year 148,220 0	C
	153,280	0 0					
Less adjustment in exchange	22,090	0 0					
•••			,	0	_		
Premiums	••	• •	370,550 1		6		
Pees		• •	17,431 1	5	2		
nterest and dividends	£12,205 1	6 2					
Less income tax	2,176 1	1 4					
			10,029	4 1	0		
			£529,201 1	4	6	₹529,201 14	6

Sinking Fund Insurance Business.

Amount of sinking fund		rance f	—		 the	£	5.	d.	Claims under policies paid and outstanding 11.040 0
beginning of the year							0	0	Surrenders
Premiums	••					234.741		ō	Commission 1,295 2
Interest and dividends		£147	,244	13	9	,			Expenses of management 3,012 14 Transfer to General branch additional reserve
Less income tax		26	,256	19	10				fund
						120,987	13	11	Transfer to Profit and loss account 29,308 18
									Amount of sinking fund insurance fund at the
									end of the year 3,601.164 0
					,	3,885,045	0	11	£3,885,045 0
							_		

Marine Insurance Business.

Amount of marine insurance fund at the beginning of the year	£ s. d. 309,672 15 2 86,425 16 10	Claims under policies paid and outstanding 48,038 2 11 Expenses of management 13,057 18 9 Income tax 2,739 16 0 Transfer to General branch additional reserve fund 5,128 0 0 Transfer to Profit and loss account 5,866 0 5
Less income tax 2,385 18 11	10,994 0 5 £407,092 12 5	Amount of marine insurance fund at the end of the year

GENERAL BRANCH ADDITIONAL RESERVE FUND ACCOUNT

for the Year ending 31st December, 1936.

Sickness and accident insurance	£480,386 44,689 52,900 243,709	0	0				Amount of General branch additional reserve fund at the end of the year	£1,095,776	0 0
year:— Fire insurance Sickness and accident insurance Employers' liability	44,689 52,900	0	0				fund at the end of the year	£1,095,776	0 0
Fire insurance Sickness and accident insurance Employers' liability	44,689 52,900	0	0						
Sickness and accident insurance	44,689 52,900	0	0						
insurance Employers' liability	52,900								
Employers' liability	52,900								
		0					,		
incumano		0							
	243 700								
Motor vehicle insurance	M TU, 100	0	0						
Miscellaneous insurance	153,280	0	0						
_				974,964	0	0	j		
(b) at the end of the year:—							1		
Fire insurance	54,678	0	0						
Sickness and accident									
insurance	19,876	0	0				· ·		
Motor vehicle insurance	11,559	0	0						
Miscellaneousinsurance	3,954	0	0						
Sinking fund insurance	25,617	0	0						
Marine insurance	5,128	0	0						
-			—	120,812	0	0			
			1	1,095,776	0	0		£1,095,776	0 0
			Z,	2,000,110		-		2,000,110	

COMMON CONTINGENCY FUND ACCOUNT for the Year ending 31st December, 1936. £. Amount of Common contingency fund at the .. 2,666,441 9 5 beginning of the year ... Interest and dividends ... 2,579,597 0 2 £93,890 2 2 7,045 12 11 Less income tax 86.844 9 3 £2,666,441 9 5 £2,666,441 9 5 SPECIAL CONTINGENCY FUND ACCOUNT for the Year ending 31st December, 1936. £ s. d. s. d. £155,640 17 0 35,247 18 8 3.872,371 2 106,885 5 5 Less income tax .. 4,193,478 15 3 120.392 18 ransfer from Ordinary branch Revenue 14,600 0 0 *ccount ransfer from Industrial branch Revenue 293,000 0 0 £4,300,364 0 £4,300,364 0 8 SHARE PREMIUM ACCOUNT for the Year ending 31st December, 1936. s. d. £ ace of Premium brought forward at the Expenses relating to extension of business beginning of the year ...
terest and dividends ...
Less income tax ... 534.794 7 4 113,379 3 438,856 2 £22,574 18 5,134 0 Balance of Premium at the end of the year ... 17,440 18 5 £552,235 5 9 £552,235 5 9 PROFIT AND LOSS ACCOUNT for the Year ending 31st December, 1936. £ s. d ce from last year's account :--Final dividend to holders of A shares in respect 192,376 0 0 Ordinary branch ...
Industrial branch ... 857.291 13 of 1935 ... 635.749 0 0 ٠. ٠. ٠. 87,500 0 General branch 361 122 13 10 nsfer from Ordinary Revenue branch 312.500 0 respect of 1936.. Income tax (General branch) ... 277,528 0 0 30,000 0 0 ssfer from Industrial branch Revenue Transfer to General branch Revenue account :-878.722 0 0 ccount .. Employers' liability insurance 10,374 8 2 asier from General branch Revenue accounts Balances carried to:-Fire insurance 62,557 10 10 (a) Ordinary branch Bal-ance Sheet ... £202,520 0 0 Sickness and accident insurance 22,740 8 1 13,224 17 3 Industrial branch Bal-Motor vehicle insurance ... 641,230 0 0 ance Sheet Miscellaneous insurance ٠. 4.524 3 7 843,750 0 0 Sinking fund insurance 29.308 18 3 Marine insurance ... 5,866 0 5

s. d.

57 16

524 3 7

220 0 0

,201 14 6

5,617 0 9,308 18

\$.8,038 2 3,057 18 2,739 16 s. d. 2 11

5,128 0 0 5,866 0 5

07,092 12 5

82.262 14

0

0 1,1645,045 0 11

0 3 5

est of the General branch

Less income tax ...

carried to other accounts £59,170 7 1

10.551 7 8

95,776 0 0

095,776 0 0

£2,532,338 11 8

48.618 19 5

being allocation of profits for 1936 to holders of A shares. (b) General branch Balance Sheet, being allocation of profits for 1936:—
to holders of A shares £ 33,333 6 8 to holders of B shares 100,000 0 0 133,333 6 andamount carried 257,589 3 6 forward 390.922 10 2

after transferring-£307,600 0 0 to Special contingency fund,

allocating—
£671,122 15 8 to or on behalf of members of the Company's outdoor staff,

and reserving for bonus— £2,629,149 0 0 to policyholders, Ordinary branch, and £4,026,736 13 8 to policyholders, Industrial branch.

0798-009

£2,532,338 11 8

on

D

LIABILITIES.	Ordina: Branch		Industri Branch		General Branch.	Common Contingency Fund.	Special Contingency Fund.	Share Premium Account.	Total.
	£	2, d.	£	s. d.	£ 3. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Authorised capital:— 1,250,000 A shares of £1 each . £1,250,000					İ		!		"! Ii
1,000,000 B shares of £1 each 1,000,000							İ	1	
£2,250,000			,		l			1	
			į						
Issued capital:— 1,250,000 A shares of £1			1						it ii
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 Life assurance fund—Ordinary branch	115,346,427	1 2	_		_	_		438,856 2 0	438,856 2 0 115,346,427 1 2
Industrial assurance fund		• -	176,702,133	0 1		-		_	176,702,133 0 1
General branch insurance funds:— Fire insurance fund	i –				368,071 0 0	_			
Sickness and accident insurance fund	_				200,477 8 0 141,263 6 6		_	_	_
Employers' liability insurance fund	_				268,080 0 0		_	_	<u> </u>
Miscellaneous insurance fund Sinking fund insurance fund	_		_		148,220 0 0 3,601,164 0 0				
Marine insurance fund			_		332,262 14 4		_	_	-
Additional reserve fund			-		1,095,776 0 0			_	6,155,314 8 10
Investments reserve funds	2,500,000	0 0	2,500,000	0 0	_	2,666,441 9 5	_	<u>-</u>	5,000,000 0 0
Common contingency fund			_			2,000,441 9 5	4,193,478 15 3	=	2,666,441 9 5 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	540,110	14 1	140,141	a v	225,927 0 0		_	-	225,927 0 0
Motor vehicle insurance	_				326,484 0 0 184,048 0 0			=	326,484 0 0 184,048 0 0
Annuities due and unpaid		13 7			_	_	_		6,147 13 7
Outstanding commission and expenses Premiums received in advance	109,880 21,840			0 0	15,000 0 0 22 17 4				224,880 0 8 21,863 13 5
Amounts due to other companies on reinsurance account:—	,								
General branch:—									
Fire insurance Sickness and accident insurance	_				97,865 15 7 182 5 2		W-1 at		i =
Motor vehicle insurance	_		_		58 15 0	ı		_	<u></u>
Miscellaneous insurance			_		6,143 3 10 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	_		100	0 0	13,886 11 10		_		13,886 11 10 100 0 0
Sundry creditors	63,687		32,335				2.371 9 3		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	95,754 10 7
due to reassuring companies Bonus allocation to members of	33,182	0 0	: -		_		<u> </u>		33,182 0 6
Company's outdoor staff £671,122 15 8			İ						
Deduct payments made in advance 4,460 3 7									
Unclaimed dividends	_		666,662 119		68 12 6	_	_	_	666,662 12 1 188 9 9
Balance standing to credit of Profit and loss account	202,520	0 0	641,230				_		1,234,672 10 2
	i 								
Note:-					i				
 (a) Instalments not due until after 31st December, 1936, on investments held, £1,186,147 10s. 0d. 	!; ·		i				Ĭ.	1	
(b) Uncalled capital on investments held,	j						•		
(c) Contingent liability on shares, etc.,	<u> </u>								
£1,124,540 17s. 11d. (d) Investments bought for settlement after									
31st December, 1936, £167,329 3s. 3d.	i ^t					}			
	:: 								
									Į.
									1
			ļ			!	<u> </u>		
	i						-,		
	118,849,475	12 9	182,038,728	9 10	7,728,719 0 (2,669,528 19 5	4,195,850 4 6	441,468 12 0	315,923,770 18 6

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 182 (b) of the Articles of Association this fund may be applied to any one or more branches, as determined by the Directors.

sec. 3 of The Frudential 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, 1938, 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 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 Dominion or foreign 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

C. C. H. DRAKE,

C. S. KELHAM,

Joint
Actuaries.

P. C. CRUMP, Joint 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, H. R. GRAY,
A. DU P. T. COLE,
Auditors.

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ASSETS.	Ordinary Branch.	Industrial Branch.	General Branch.	Common Contingency Fund.	Special Contingency Fund.	Share Premium Account.	Total.
Mortgages on property within the United Kingdom Mortgages on property within the Irish Free State Mortgages on property out of the United Kingdom	£ s. d. 8,165,537 13 7 15,180 13 7 3,067,612 6 3	2,861,331 19 5 2,120,727 6 8	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s, d. 11,026,869 13 0 15,180 13 7 5,208,339 12 11
Loans without specific security within the United Kingdom	-	25,000 0 0	-		_		25,000 0 0
Loans without specific security out of the United Kingdom Loans on parochial and other public rates. Loans on Life interests	619,363 6 8 1,360,571 16 6 24,105 19 7	300,000 0 0 7,600,396 16 0			_		919,363 6 8 8,960,968 12 6 24,105 19 7
Loans on Reversions	1,454 14 8 6,050,798 9 6	10,173,471 13 0	<u> </u>	!	_	_	1,454 14 8 16,224,270 2 6
Loans on Company's policies within their surrender values	5,286,406 16 3			[_	5,286,406 16 3
Loans to Educational institutions secured on income Loans to subsidiary companies	414 7 7 493,139 5 3	506,669 13 2		=	-	_	414 7 7 999,808 18 5
Investments:— Deposits with the High Court:— £17,122 14s. 8½% War Stock	16,043 19 11 — —	19,956 16 8	19,000 0 0 22,000 0 0	<u>-</u>	<u>-</u> -	<u>-</u>	16,043 19 11 19,956 16 8 19,000 0 0 22,000 0 0
Deposits with the Supreme Court of Judicature in Irish Free State:— £20,000 3½% War Stock	19,956 16 8	Ξ	20,000 0 0	_	_		19,956 16 8 20,000 0 0
British Government securities Securities issued under the Trade Facilities Acts	32,111,500 4 2	48,800,849 18 5		2,169,736 7 6	3,112,978 19 4	403,902 8 6	88,564,016 13 0
and Railway (Agreement) Act, 1935 Debentures in aubsidiary companies issued under	1,877,100 0 0	3,867,938 15 9	229,184 13 0	<u> </u>	_	_	5,974,223 8 9
the Trade Pacilities Acts	350,000 0 0	400,000 0 0	200.057.30.0				400,000 0 0 350,000 0 0
Municipal and county securities, United Kingdom Public Board securities	1,905,103 7 9 2,002,745 4 1	3,397,847 9 8 3,508,017 4 3	696,957 16 3 241,453 5 0	36,517 9 9 141,708 2 6	61,919 10 0 46,437 10 0		6,098,345 13 5 5,940,361 5 10
Dominion, Indian and Colonial Government securities Dominion provincial securities Dominion, Indian and Colonial municipal	3,943,412 11 5 365,584 1 6	4,440,230 13 2 368,420 16 2	601,008 19 7	141,449 10 10	330,912 3 8 130,649 15 1		9,457,013 18 8 864,654 12 9
securities	1,616,654 2 0 4,115,783 1 1 244,806 15 10 715,271 4 5	1,248,345 11 9 4,194,300 8 4 422,677 19 8 752,879 14 9	6,000 0 0 451,050 0 11 28,492 13 2 85,833 4 8		19,366 5 0	4,250 10 0	2,894,616 8 9 8,761,133 10 4 695,977 8 8 1,553,984 3 10
stocks and gold and sterling bonds—Home	14,935,162 14 2	27,596,833 18 1	1,217,385 3 6	77,870 8 4	141,880 3 9	_	43,968,932 7 10
Railway and other preference and guaranteed stocks and shares Preference shares in subsidiary companies Railway and other ordinary stocks and shares Ordinary shares in subsidiary companies	10,497,670 12 8 70,698 0 0 13,731,561 12 1 552,096 13 5	15,988,716 7 0 64,994 7 0 19,066,048 3 5 494,370 4 2	400,782 3 5 165,071 3 8 575,095 0 0		60,593 9 4		26,947,762 12 5 135,692 7 0 32,962,680 19 2 1,621,561 17 7
Rent charges Freehold ground rents and Scotch feu duties Leasehold ground rents House property:—	82,797 12 1	7,067,860 13 11 8,651 13 9	**************************************				82,797 12 1 7,067,860 13 11 3,651 13 9
Office premises Properties within the United Kingdom Properties out of the United Kingdom Lite interests	894,214 13 8 600,453 14 1 35,429 4 1	3,397,148 11 1 11,158,831 2 7 10,000 0 0			 		3,397,148 11 1 12,053,045 16 3 610,453 14 1 35,429 4 1
Reversions	150,904 17 11	_	246,380 11 9		_	_	150,904 17 11 246,380 11 9
Outstanding premiums Outstanding interest, dividends and rents interest, dividends and rents accrued but not payable Amounts retained at home and abroad by ceding	515,730 16 1 224,924 18 8 309,560 10 9	399,299 7 11 157,044 12 7 532,230 12 8	60,517 13 0			-	975,547 17 0 381,969 10 10 841,791 3 5
companies under reinsurance treaties and sums due on reinsurance account		-	851,963 10 2	-	_	_	351,963 10 2
On agency account		21,453 15 0	28,815 3 11		_	_	28.815 3 11 41,629 3 3
On reinsurance account	20,175 8 3 	5,908 9 0	33,363 12 0	_	=	i .	33.363 12 0 12,430 19 10
Hills receivable	55,000 0 0	59,397 0 0	340 9 8	_	: <u>-</u>	-	114,397 0 0 340 9 8
Cash:— On deposit:—	_						
In the United Kingdom	171,168 6 0	270,000 0 0 —	54,981 4 1	=	_		270,000 0 0 226,149 10 1
In the United Kingdom	1,281,165 6 1 344,385 14 8 1,305 9 5	674,813 7 7 61,063 7 3	165,974 10 9 42,019 6 5	102,447 0 6	291,112 8 4	33,315 13 6	2,548,828 6 9 447,468 8 4 1,305 9 5
	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
))]	1	J	<u> </u>	<u>" </u>

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 . £60,000 Australia 3½% Registered Stock 1954/59. Poland . . . \$10,000 National Economic Bank of Poland 7% Gold Mortgage Canada . . . £445,000 4% Funding Loan 1960/90.

Canada . . . \$175,000 Canada 3½% 15-year Bonds. South Africa . . . £10,000 Union of South Africa 4½% Stock 1955/75.

New Zealand . . £50,000 New Zealand 4½% Inscribed Stock 1948/58. Southern Rhodesia . . £5,000 Australia 3½% Inscribed Stock 1943.

Poland . . £72,000 Poznan 7% Loan 1928. Victoria . . . £5,000 Australia 3½% Inscribed Stock 1943.

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. MOSELEY,

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 staded 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 Depositaries 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.

P00021905

DELOITTE, PLENDER, GRIFFITHS & CO., Ch

23rd February, 1987

PRUDENTIAL ASSURANCE COMPANY

LIMITED

(INCORPORATED IN ENGLAND.)

HOLBORN BARS, LONDON, E.C.1.



Directors' Report 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, Holboan Bars, London, E.C.I, 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:—

of the Company:

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

PRINTED IN ENGLAND,

W. L. S. Week 25)